

Delicious
O.K.
The Better SAUCE

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RUTHLESS INVESTIGATION BY THE GESTAPO FOLLOWS ATTEMPT ON HERR HITLER'S LIFE: SPECIAL MEASURES AGAINST FOREIGNERS

Fuehrer And Suite Left Ten Minutes Before Explosion

AMSTERDAM, NOV. 9 (REUTER)—NO FURTHER DETAILS OF THE MUNICH EXPLOSION HAVE YET LEAKED THROUGH DUTCH CHANNELS BUT IT IS SAFE TO SAY, HOWEVER, THAT A RUTHLESS INVESTIGATION IS BEING CARRIED OUT BY THE POLICE AND GESTAPO.

Reuter reports from Rome that a number of arrests were made in connexion with the beer cellar explosion, according to a Munich report, which further states that special measures are being taken against foreigners.

The bomb, timed to explode at 9.22 p.m., was placed on the roof above the platform from which Herr Hitler spoke.

Hitler and his suite only left ten minutes before the explosion which they learned of an hour later when their special train stopped at the station.

EXPLOITED FOR PARTY PURPOSES

LONDON, Nov. 9 (BWS)—Full summaries of Herr Hitler's speech in Burgenbraukeller at Munich are published in the Press, but interest in the speech is overshadowed by reports that within half-an-hour of the Fuehrer's departure which, it is stated, occurred earlier than was originally intended, an explosion occurred in a beer cellar killing six and injuring 60 people. Only scanty details of incident so far reached London.

Nazi technique in the famous Reichstag fire is recalled in some newspapers which show reserve in accepting, at their face value, early reports of the affair which they believe might well be exploited for Party purposes.

COMMUNISTS CONTINUE LOYALTY TO GENERALISSIMO

CHUNGKING, Nov. 9 (Reuter)—Continued loyalty and support to Generalissimo Chiang Kai-shek in the armed resistance against Japanese invasion is the main feature of the decision of the Central Political Bureau of the Chinese Communist Party, which was adopted on October 10, and published here today.

The resolution of the highest executive body of the Chinese Communist Party is divided into three sections the first of which concerns the European war, the second in regard to the Japanese invasion and the third discusses relations between the Chinese Communist Party and other bodies and also domestic affairs.

STRICT NEUTRALITY
Referring to the European war the Chinese Communist Party advocates strictest neutrality on the part of China. Pointing out the dangers of further Japanese penetration the Communists urge that efforts be made to prevent the Japanese from consolidating their present gains.

Commenting on internal affairs the Communists opposed surrender or internal dissension, reaffirming their loyalty to support Generalissimo Chiang Kai-shek and also urging the early establishment of a Constitutional Government.

FINLAND BANS MEIN KAMPF

HELSINKI, Nov. 9 (Reuter)—Herr Hitler's Mein Kampf and certain Soviet publications have been banned from Finland while anti-Communist literature has disappeared from bookshelves.

THE ATTEMPT ON THE FUEHRER'S LIFE FOLLOWING IMMEDIATELY ON HIS SPEECH STRESSING THE UNITY OF THE GERMAN PEOPLE IS LIKELY TO CAUSE A DEPLORABLE IMPRESSION IN GERMANY. IT IS NOTWORTHY THAT BEFORE INVESTIGATION WAS POSSIBLE FOREIGN INSTIGATORS WERE IMMEDIATELY BLAMED, SAYS REUTER FROM AMSTERDAM.

Herr Hitler himself is almost certain to be furiously angry and while his reputation for bearing a charmed life has been enhanced the affair is a most serious reflection on his police organisations.

Had the explosion been a Nazi propaganda move it surely would have been differently staged and less successful.

There is much speculation as to the names of the victims as Hitler, on these occasions, usually has his oldest and most trusted comrades grouped round him.

TWO REASONS
LONDON, Nov. 9 (Reuter)—While the German press is accusing the British Secret Service with complicity in the beer cellar explosion, the Paris wireless, in a German broadcast this morning, says that the incident indicates that the Gestapo may have had two reasons for causing the explosion, namely, in order to show that Hitler is miraculously protected by Providence or, to get rid of certain Nazi leaders who cannot abandon their anti-Bolshevik ideas.

Continued on Page 7

WILL MERELY ACKNOWLEDGE PEACE APPEAL

AMSTERDAM, Nov. 9 (Reuter)—The fact that Herr Hitler did not utter a single word in regard to the peace initiative caused disappointment and offense in Holland. It is now expected that Hitler will merely acknowledge the appeal through diplomatic channels and leave the matter at that.

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BRITAIN IS ACCUSED OF COMPLICITY

BERLIN, Nov. 9 (Reuter)—Britain is accused of complicity in the attempt on Herr Hitler.

The Voelfuhrblatt declares: "There is no doubt that the British Secret Service had a hand in the attempt."

The semi-official Deutsche Dienst declares: "Investigators of the attempt are agents of the Secret Service and behind them are the belligerents."

"Hitherto, we have looked after the enemies of the State but from today they will be treated in a manner that will make it impossible for them to menace the life and security of National Socialists. Now we shall treat differently the people who will commit crimes for English gold."

Similarly, the announcer of the German radio declared: "The country of the Secret Service (Britain) may be assured that this time we are going to take drastic measures against enemies of the State."

CHIEF CENSOR EXPLAINS DELAY IN LETTERS

Prevention Of Leakage Of Military Information Is The Main Object

Special to the Hongkong Daily Press
"OWING TO THE CENSORSHIP, LETTERS MAY BE DELAYED ALTHOUGH EVERYTHING IS BEING DONE TO AVOID IT AS MUCH AS POSSIBLE," SAID THE CHIEF CENSOR, MR. C. G. SOLIS, WHEN INTERVIEWED BY A REPRESENTATIVE OF THE HONGKONG DAILY PRESS YESTERDAY.

This statement should provide an answer to those members of the public who have been heard to complain that letters posted for a particular mail have in many cases been delayed and gone by a later despatch.

As Mr. Solis explained, the main object of the censorship is to prevent the leakage of military information, and to prevent enemy trade. Letters which do not contain anything under these two heads are not likely to be stopped, although the censors have the power to stop any letters which they think might convey hints of news which might prove of value should such correspondence fall into hands of Britain's enemies.

In these few words the censor stressed the need for public co-operation in order to provide a smooth working of postal and telegraphic communication.

Mr. Solis was particular to mention that he had so far received no complaints of letters being delayed by the censors, and that the

Buy A Poppy

DARDANUS OFFICERS ARE SAFE

BEING TAKEN TO CANTON

An Official report from Commander A. D. S. Murray, Far Eastern Manager of Imperial Airways states that "Captain J. N. Wilson, First Officer J. F. Raeburn and the three passengers travelling by the E. M. A. Dardanus which landed at Weichow Island on Wednesday morning are safe."

The aircraft, en route to Bangkok from Hongkong apparently flew over a certain course known to be prohibited and at an altitude lower than that fixed by arrangement with the Japanese military and Hongkong Government authorities, according to reports.

A Japanese plane took to the air and forced the Dardanus to the ground. No damage was done to the plane but a puncture tyre. The crew, passengers and the 100 kilos of mail were intact.

It was understood yesterday that the Japanese military authorities were planning to take Captain Wilson and his assistant to Canton. However, the local authorities and Imperial Airways have requested that the crew, passengers and mail be taken to Fort Bayard.

Late last evening no definite word had been received from the Japanese military authorities as to whether they had complied with Imperial Airways' request or had carried out their original plan and transferred the crew to Canton.

Further details as to the location of the Imperial Airways' personnel and passengers are expected by the local authorities this morning.

OFFICIAL MAJORITY WILL NOT BE USED TO SUPPORT MEASURE WHICH WOULD EXTRACT A GIFT TO THE IMPERIAL GOVERNMENT



MR. CHAMBERLAIN

Chamberlain Suffering From Gout Unable To Put Foot Down

LONDON, Nov. 9 (BWS)—For some days the Prime Minister has had threatnings of gout which have prevented him from taking his usual daily walk. Last night it developed into an acute attack rendering it impossible for him to put his foot to the ground.

He was, therefore, unable to attend the luncheon at the Guildhall Mansion, at which he was to have spoken today, or to be present in the House of Commons this afternoon.

The Chancellor of the Exchequer, Sir John Simon, is taking his place at the luncheon and will deliver the speech the Prime Minister had prepared.

If the attack takes its usual course it may be a day or two before Mr. Chamberlain is able to get about but in the meantime he is attending to papers and seeing his colleagues in his bedroom.

It is some eighteen months since Mr. Chamberlain had an attack of gout.

THE STRANGEST OF WARS

PREMIER'S SPEECH AT GUILDHALL

LONDON, Nov. 9 (Reuter)—Reading Mr. Chamberlain's speech at the Mansion House luncheon at Guildhall today, Sir John Simon, Chancellor of the Exchequer, said this was the strangest of wars which, in the form it has hitherto waged, must seem to be no war at all but rather a sort of siege.

They did not know how long this phase would last or whether at any moment it might be changed into a violent conflict. But they could see, at any rate, that the position of the Allies had, as the weeks had gone by, rather strengthened than deteriorated.

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FRANCE'S FOOD SUPPLIES

PARIS, Nov. 9 (Reuter)—France's food supplies was discussed by the Minister for Interior who said that French people had not to choose between butter and guns.

By means of a prearranged plan, he said, France was able to secure more food since the war than she could in the four years of the last war.

Assurance By Governor At Full Budget Debate

"THERE IS NO QUESTION OF CALLING UP THE OFFICIAL MAJORITY TO SUPPORT A MEASURE WHICH WOULD EXTRACT A GIFT TO THE IMPERIAL GOVERNMENT," said His Excellency the Governor, Sir Geoffrey Northcote, after Unofficial Members had voiced unanimous opposition, at yesterday's meeting of the Legislative Council, to the proposal to secure a special contribution to the Imperial War Chest by imposing income tax in the Colony.

His Excellency stated that he would like to make this quite clear after the Hon. Mr. Leo D'Amade e Castro, Junr., had referred to the war as one of which it had been said that it was being fought to make the world safe for democracy, and concluded his speech by saying:—

"If Government, by the use of its Official majority, were to impose upon this Colony a form of taxation against which the representatives of the people, if I may so call the Unofficials, have expressed themselves so strongly and so unequivocally, it would be a sad commentary indeed on rule by the people."

The full dress debate on the Budget drew strong arguments against the introduction of income tax from all Unofficials.

Firmly convinced that it would not be prudent finance to make an annual contribution to the Imperial Government of a larger sum than \$3,000,000, in addition to the annual military contribution of \$8,000 and other Defence and Special War Expenditure was the Senior Unofficial Member, the Hon. Sir Henry Pollock, who said that nobody could foretell how long the present war would last, and Hongkong was not justified in mortgaging its financial future for an indefinite period of time by sending out of the Colony annually more than \$3,000,000.

Continued on Back Page

EUROPEAN LADY HURT IN CRASH

Bus Smashes Rickshaw

Knocked down by a bus while riding in a rickshaw in Chatham Road near Middle Road yesterday afternoon, a European lady, Mrs. E. Krishna, was removed to Kowloon Hospital with injuries to her head, and is in a critical condition.

The rickshaw-puller, Lai Lin-mui, was also taken to Kowloon Hospital, with injuries to his leg, but his condition is not regarded as serious.

The rickshaw, No. 201, was knocked down by the bus which was being driven, along Chatham Road from west to east. The bus swerved to the right, dragging the rickshaw along with it, and mounted the pavement, crashing into the rails of the children's playground by the side of the road.

The rickshaw was completely broken. The bus, No. 385, was later driven up to the Water Police Station.

SHARP ENCOUNTERS REPORTED

PARIS, Nov. 9 (Reuter's Special Service)—A communique issued today states: "There was increased activity during the night on the whole. There were local reconnaissance and sharp encounters especially between the Moselle and the Saar."

King's Medal For Chinese Constable

City Gun Duel Recalled

The following official communique was received from the Colonial Secretary yesterday:—

His Majesty the King has been graciously pleased to approve the following award:—
KING'S POLICE MEDAL:
Police Constable Tam Chung.

The award recalls the sensational gun battle in Lee Yuen Street East, a busy centre in the heart of the city, on the morning of June 5 when Detective Wan Man, of the Hongkong Police, was killed.

The affray was a sequel to an unsuccessful hold-up in which the victim was a officer of the Sino-German Dispensary, of No. 8A Wing Lok Street, who had been to cash a cheque at the Oversea Chinese Bank in Queen's Road.

CHASED ROBBER

Detective Tam Chung, C623, who was with Wan Man in Lee Yuen Street East, saw three persons running down the thoroughfare. Tam then heard a "bang" and saw a man pressing his abdomen. He chased one of the robbers, Lau Man-chu, a Swatow Chinese, and another man in Chinese clothing.

Tam Chung fired a shot outside house No. 5 and subsequently another when the men were in the middle of the street.

Before reaching Des Voeux Road Central, Tam Chung fired another shot, and continued the chase. He fired two more shots when the men were at the corner of Pottenger Street and as a result the man in Chinese clothing dropped down.

Lau Man-chu then ran across Des Voeux Road Central and was confronted by a rickshaw.

Detective Tam Chung struck Lau on the head with his revolver. On turning round, Tam saw Lau insert his hand in his hip pocket to reach for his gun, when an Indian watchman came up and seized Lau's hand.

SIR CLARK KERR

SHANGHAI, Nov. 9 (Reuter)—The British Ambassador to China, Sir Archibald Clark Kerr, is due to leave Chungking by air for Hongkong, weather permitting. The Ambassador anticipates remaining in the Colony for about a week before returning to Shanghai.

CONSISTENT PROGRESS BY R.A.F. AT MID-WEEK H.K.R.A. SHOOT

WIND DIFFICULTIES CAUSE LOW SCORING

The Shoot on Wednesday, with an attendance of 75, did not produce such high scores as last week, due to wind difficulties at 300 yards, except for the really splendid effort of Cpl. R. Langford 1/Mx. Regiment in the S.R.(a) Class. He secured the nett spoon with 91, using open sights, with a brilliant 34 at 500 yards.

Hockey

"HAT TRICK" BY SGT. HOMBURG

Experimental Corner Rule Uneffective

With a "hat trick" contributed by L/Sgt. Homburg, the Royal Engineers just managed to beat the Y.M.C.A. "A" XI by the odd goal in five in a friendly hockey game played at King's Park yesterday.

The "Y" were weak in defence, but managed in the second half to keep the ball in their opponents' territory, otherwise the winning margin for the Sappers might have been larger.

The new short corner rule that the Umpires Association is recommending to teams to experiment with was tried out in this game, but no goals were scored from short corners.

McLellan and Austen were the keenest players on the Y.M.C.A. side, while Homburg and Denyer were the pick of the Sappers. The goals for "Y" were scored by Fowler and Coombe. "Y" scored the first two goals, but Homburg managed to net three times before the interval, and the score, 5-2, at half time was also the score at full time.

The teams: Y.M.C.A.—H. Millington; R. Perry, Lewis; H. Smith, D. McLellan, A. F. Austen; Harkinson, W. Stone, E. Fowler, M. Dunne, and L. Coombe.

R. Engineers: L/S. Dobson; Lt. Russell, L/Sgt. Goodwin; Cpl. Bowling, Spr. Marriott, Cpl. Whitaker; Spr. Twomey, Spr. Taylor, L/Sgt. Homburg, Sgt. Denyer, and Spr. Fox.

AIRPORT NEWS

Imperial Airways:
SOUTHBOUND
Sunday: Hanoi, Bangkok, Denebola—7 a.m.
NORTHBOUND
Sunday: Bangkok, Hanoi, Hongkong.
Dorad—4 p.m.
Air France—

NORTHBOUND
Wednesday: France, Hanoi, Hongkong.
Service—4 p.m.

SOUTHBOUND
Thursday: Hanoi, France.
Service—6 a.m.

Pan American Airways:
EASTBOUND
Tuesday: U.S.A., Manila, Hongkong.
California Clipper—2 p.m.

WESTBOUND
Wednesday: Manila, U.S.A.
California Clipper—8.30 a.m.

NOTE: It is possible that Imperial Airways may have an extra southward service this weekend.

The Imperial Airways' midweek northbound service arrived at Kai Tak, yesterday, 5 p.m. There were no passengers and mail from all Empire ports totalled 184 kilos.

UNCLAIMED TELEGRAM

The following unclaimed telegram is lying at Cable & Wireless Ltd., Hongkong Branch:—
Tames, Diamond Hill, Kowloon, from Yungching.

ADVERTISEMENT

THE MACAO JOCKEY CLUB.

The November Race Meeting will be held at Areia Preta, Macao, on Sunday, 12th November, 1939, commencing at 2.15 p.m.

The First Bell will be rung at 1.45 p.m. approximately.

By order,
S. W. CHENG,
Secretary.
816

Congratulations are due to the R.A.F. for the consistent progress they are making, several spoons having gone to them lately. They secured 3 out of the 6 Handicap Spoons given this week.

AID FOR WAR FUND

All money received for tickets for the shoot, on Sunday, Nov. 26, will be given to the War Organization Fund, and members are requested to place as much as they are prepared to give, in addition to the usual fee, in envelopes which will be available at the firing point. The shooting programme will be announced shortly.

The closing date for entries for the Bellios Shield is Tuesday November 14th.

LEADING SCORES

Leading Scores on Wednesday were:—

S. R. (b) CLASS	Sp	300	500	900	Tl.
P.S.M. V. Cooper	Scr.	30	33	33	96
S.I. A. C. Chan	2	31	31	32	94
Lt. A.J. Le Seclier	Scr.	29	34	30	93
S.I. C. G. Chau	"	31	33	29	93
C/Sgt. P. Hale	"	32	32	29	93
Sgt. R. J. Heap	"	27	34	31	92
Capt. R. T. Gusscott	2	26	33	32	91
P/Sgt. P.H. Thong	Scr.	32	31	28	91
L.A.C. L.R. Hunt	8	31	31	28	90
Capt. F. Sale	4	28	31	30	89
L/Cpl. A. D'Aquino	3	28	31	30	89
Sgt. G. E. Breese	NH	29	32	28	89
L.A.C. J. Berry	5	28	29	31	88
L/Sgt. K. C. Hoo	3	28	31	28	87
Pte. L. Gromm	5	30	31	25	86
Sm. V. E. Kilford	2	31	31	24	86

S. R. (a) CLASS

Cpl. R. Langford	Scr.	30	34	27	91
Cpl. W. Ure	9	24	29	28	81
F/Sgt. P. Tulluca	4	25	29	27	81
L/Sgt. W. R. Nunn	4	25	31	25	81
C.S.M. F. Maalen	3	26	30	24	80
L/Cpl. J. E. Hawkins	11	21	27	29	77
Sgt. J. R. Wall	4	23	31	23	77
Cpl. A. Moody	NH	25	27	24	76
Sm. D. Bolam	11	24	32	19	75
L/Cpl. S. G. Brighty	4	21	26	27	74
Boy L. E. Ward	11	21	26	23	72
P.S. N. L. Pan	3	21	27	23	71
L.A.C. T. H. Storey	12	25	25	20	70
Spr. E. W. Ailo	9	23	21	25	69
Sm. K. Nix	11	22	28	19	69
Pte. A. Lim	13	20	24	24	68
Major S. White	7	22	25	21	68
L/Cpl. F.W. Evans	12	21	27	20	68

* Denotes winner of "Nett" Spoon.
† Denotes winner of "Handicap" Spoon.
Winner of † will have his handicap reduced by one point.

H.K. Jockey Club's 11th. Extra Meeting: Advance List Of Entries

The Hongkong Jockey Club's Eleventh Extra Race Meeting will be held at Happy Valley on Saturday, Nov. 18, at 2 p.m.

The following are the advance entries:

1.—Taipei Handicap: Winner \$600, 2nd \$300, 3rd \$200. For China Ponies, "C" Class. Ponies that have won more than \$3,000 in stakes since January 1, 1939, barred. Jockey Allowance. Entrance \$5. (1 Mile).

Bear Claw, Blue Express, Confusion Bay, Factorite, Hectic View, Humdrum Eve, King's Warden, Lilliber, Moonlight View.

2 or 4.—Castle Peak Handicap—First or Second Section: Winner \$600, 2nd \$300, 3rd \$200. For China Ponies, "D" Class. Jockey Allowance. Entrance \$5. (From the Two Mile Post Once Round and In, About One Mile 151 Yards).

Ascot Vale, Bistre, Chatterbox, Double Chance, Emergency Call, Estover, February Fourth, Fei Ying, Gog, Golden Cow, Gold Sovereign, Guinness Time, Jack O'Lantern, Kut Cheung, Lancashire Chap, Matador, National Honour, National Liberty, Night View, Phoenix, Piet Hein, Plain View, Portrush, Radium Star, Some Hope, Sports Venture, Strathbannock, Sunshine Busie, Talkative, Tempest, The Leopard, This Time, Tiny Tim, Tribute, West Lake, Wilber, Wild Bear.

3.—Hongkong St. Ledger: Winner \$1,000, 2nd \$300, 3rd \$200. For China Ponies, "Griffins" of this Season. Weight 148 lb. Winners of one race, 5 lb.; of two or more races, 10 lb.; penalty. Entrance \$10. (1 1/4 Miles).

Eve of Harvest 158, Galaxy 155, Hectic View 156, Navylight 151, 5 or 7.—Shum Chun Handicap—First or Second Section: Winner

6.—New Bridge Handicap: Winner \$600, 2nd \$300, 3rd \$200. For Australian Subscription Ponies of any Season. Jockey Allowance. Entrance \$5. (6 Furlongs).

Annabella, Candlelight, Cocklerol, Courting Eve, Criffel, Derby Day, Double Finesse, Happy Landings, Janber, Lancashire Chips, Lucky Lad, National Victory, Sydney Lad, Tornado Star, Triumphant Day.

8.—Newcastle Handicap: Winner \$600, 2nd \$300, 3rd \$200. For Australian Subscription Ponies, "C" Class. Winners of \$1,000 or more in stakes since January 1, 1939, barred. Jockey Allowance. Entrance \$5. (From the 1 1/4 Mile Post About Half Mile 160 Yards).

Ajax, Amber II, A Roaring Time, Aztec, Brutus, Dick Turpin, Discovery Bay, Heinz, Languorous, Macquarie River, Murray River, Roofly, Ruby Star, Schmettering, Tarzan, Violet Queen, Zodiac.

WHY WE PLAY SQUASH

Its Place In The Category Of Games

I was once told by a man who has made a lifelong study of sport that "one plays squash much in the same way as one takes a bath." His argument was that the game of squash resembles a patent exerciser which one takes up every morning purely as a duty to one's muscles, and that it has no place in the category of games.

I reminded him that his allusion gave squash a very high place as a social attribute, since cleanliness was next to godliness, and he had used a comparison which endowed squash with an equal importance to cleanliness, writes a Home correspondent.

This brings us to the question of how important is squash at a time when, in spite of our being a games-loving people, our national standard of physique is sinking, and new methods are being sought and millions of money spent by the Government in an effort to improve it.

VERY NOT OUTDOOR SQUASH?

It is true, I think, that squash as a game can never wholly satisfy our taste for games. In the first place, it is played generally indoors, though I see no reason why its development should be restricted entirely to covered courts.

At Westward Ho! there is an open-air doubles court built forty years ago, where they play many enjoyable games during the summer. The need for such a game during the winter has obscured our view of its possibilities as one of our summer recreations.

However, it is at the moment an indoor game, and therefore must be regarded not quite as a patent exerciser, but certainly as complementary to outdoor games.

Other countries whose physical standards are acknowledged to be higher than ours long ago saw the need for some means of attaining continuity of opportunity for physical exercise. But not being so fastidious as the Englishman, they were content with what we have always contemptuously called "physical jerks." Squash's popularity would never occur to those who have seen 22,000 German girls and youths long before the Nazi regime, giving a display in Cologne's magnificent Stadium, the like of which England does not own.

But the average Englishman will not do any more for his muscles than fling himself about in a spasm of violence for 80 or 90 minutes once a week. And he expects to be fit!

BLACKHEATH R. F. C. COURT

If the Englishman won't do physical jerks, perhaps he will play squash. Many prominent cricketers, Rugby footballers, and lawn tennis players have recognised its value and train on squash. Blackheath Rugby, Cricket and Lawn Tennis Club opened its first court recently with exhibition games. They are not the first Rugby club to organise squash among their members, as Woodford R. F. C. have a squash cup that is played for, although they do not own a court of their own.

Blackheath's court will be open for public play.

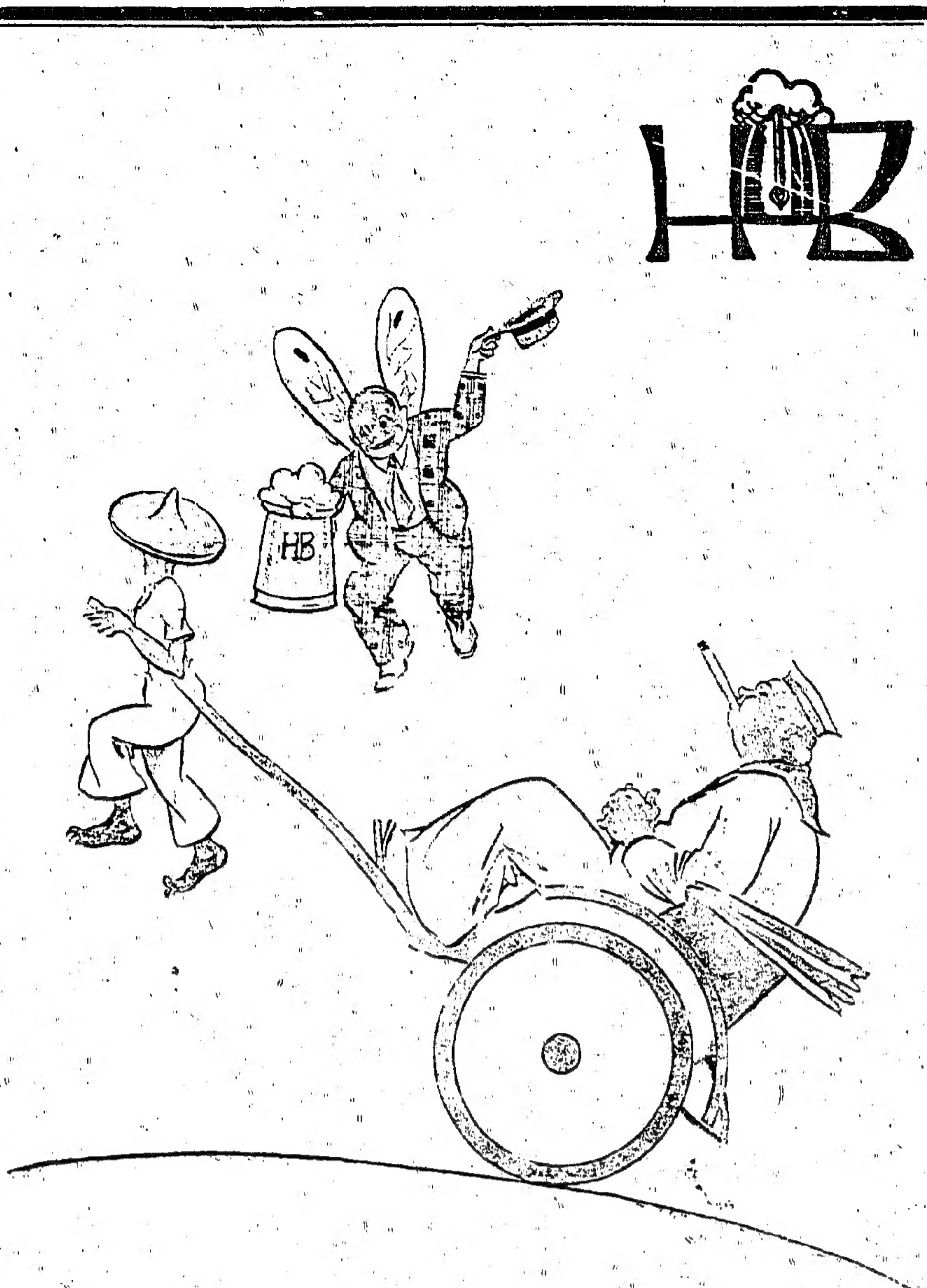
Among the first-class Rugby and hockey players, cricketers, and lawn tennis players who are also first-class squash players are A. G. Hazlerigg, J. A. Deed, N. W. D. Yardley, C. P. Hamilton, C. E. Malfroy, S. T. Jagger, J. C. Masterman, A. W. Kirkaldy, A. M. Cunningham, E. H. Black, G. W. Vavasour, R. J. L. Hammond, P. B. Coote, E. M. Buzzard.

So that squash for all its new-found popularity, may only just be coming into its own. We realise this better perhaps when we learn that a doctor at a Worcester hospital has just conceived the idea of building the two hospital air-raid shelters in the form of squash courts, apparently so that they may serve to help the youth of the country to be fit and protect the women and children from bombing, to say nothing of being self-supporting financially.

NOMADS' TEAM TO MEET MIDDLESEX

The following will represent the Nomads Hockey Club in a friendly match against the Middlesex Rats at Shamshuipo on Sunday bull-off 4.30 p.m.

F. Soares, E. Soares, R. Xavier, L. Souza, R. J. Reed, S. F. Rosario, P. Rew, H. Gubbay, J. H. Franco, F. O. Reed and B. Xavier.



"Here's an H.B. Now — try"

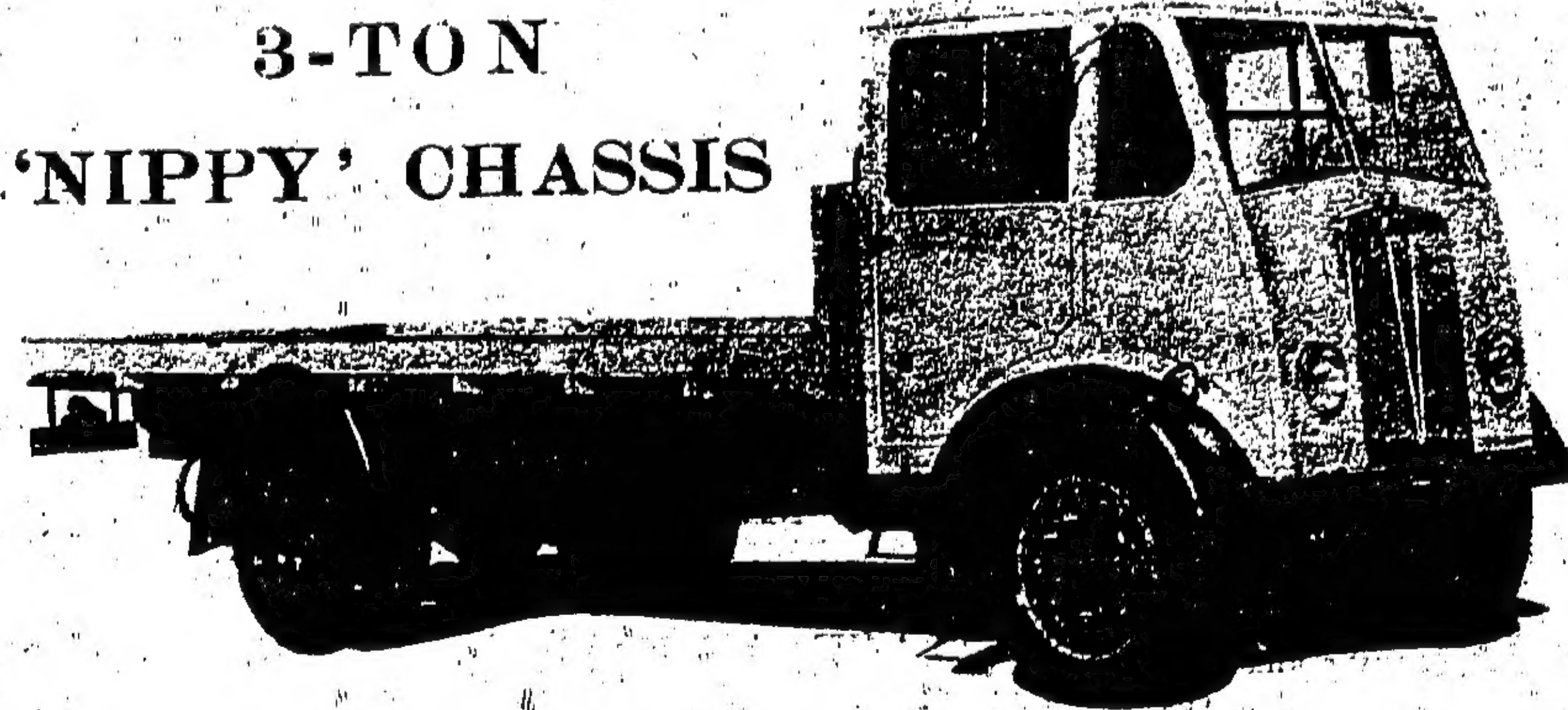
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Aptly named the 'Nippy,' for its quick get-away and high road performance, this new Thornycroft is available with 10' 1 1/2" and 12' 6" wheelbase in both normal and forward-control types, has extremely economical 60 b.h.p. engine, 7" frame, Lockheed-operated Girling brakes, and space for bodies up to 15' 10" long, amongst its other fine features.

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Stands for Satisfaction

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APPLY TO OUR

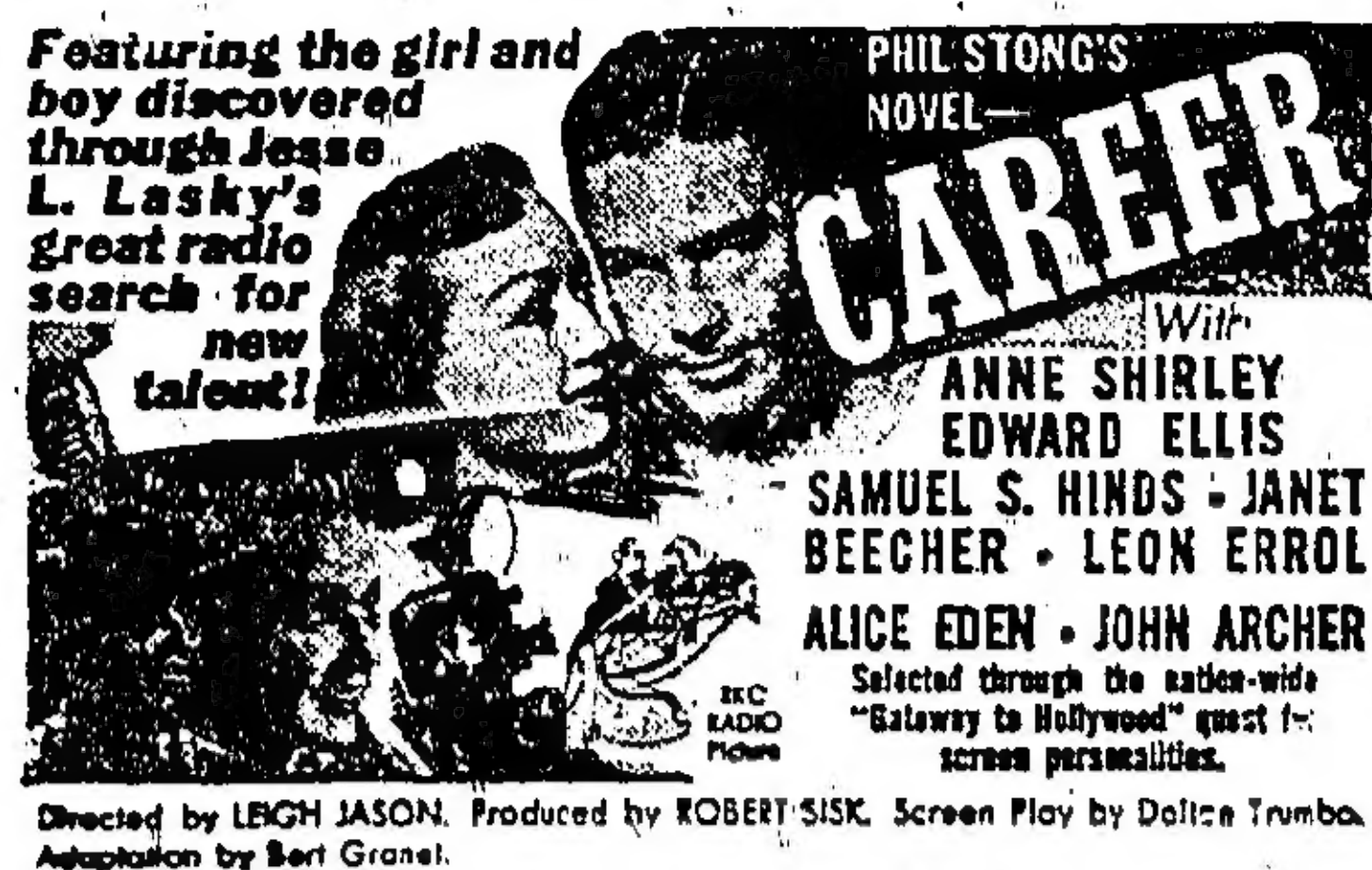
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St. George's Bldg., 1st Floor.

QUEEN'S

DAILY AT 2.30-5.15-7.20 & 9.30-TEL 31453

FINAL SHOWINGS TODAY
3 Shows at 2.30, 5.15 & 7.20 p.m. Only

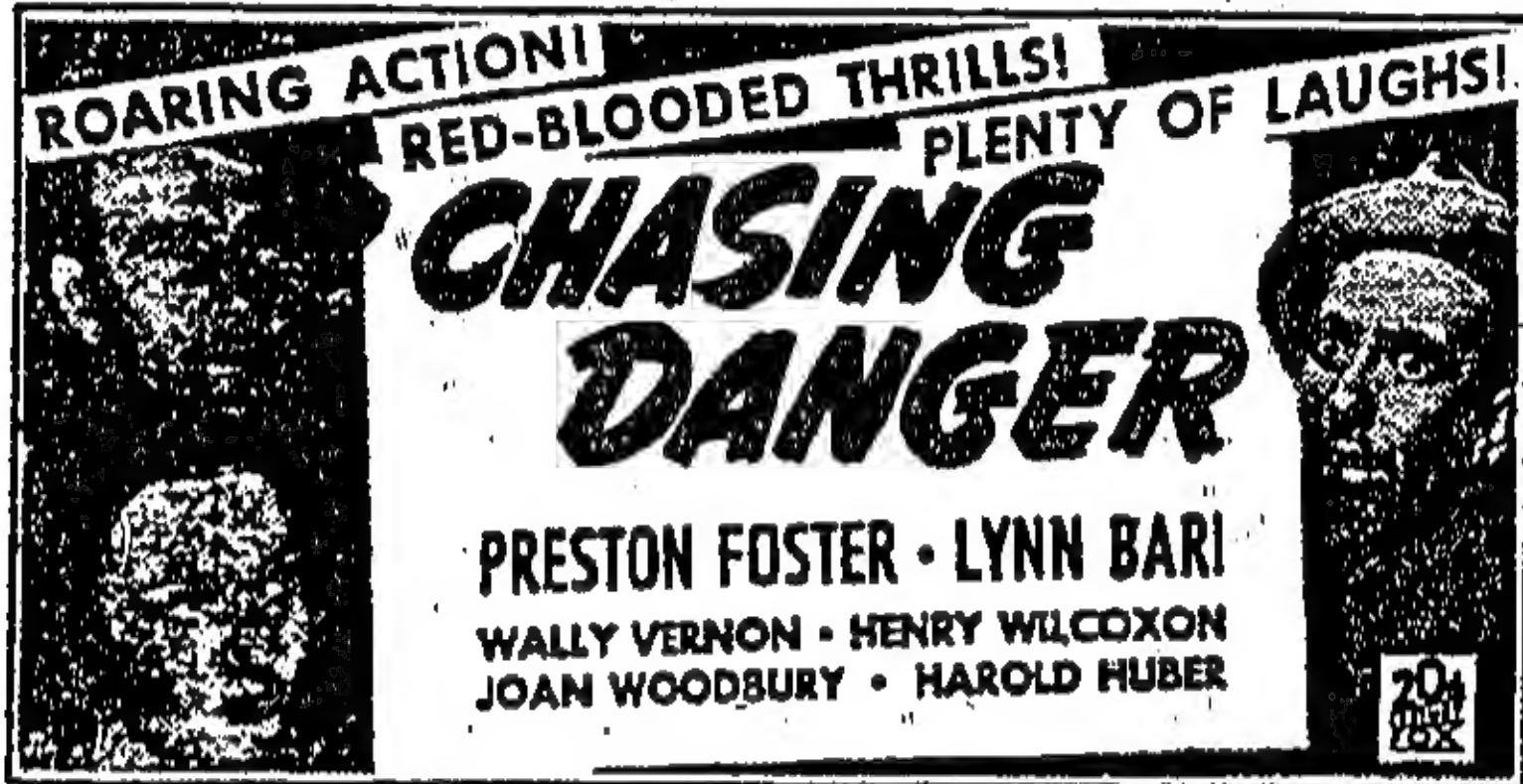


TO-NIGHT AT 9.30
Gala Premiere of the Film
"NURSE EDITH CAVELL"
in Aid of British War Organisation Fund
with the Band of 2nd Bn. The Royal Scots.

ALHAMBRA

NATHAN RD. KOWLOON-DAILY AT 2.30-5.20-7.20-9.30-TEL 56856

FINAL SHOWINGS TODAY
3 Shows at 2.30, 5.20 & 7.20 p.m. Only



TO-NIGHT AT 9.30
Gala Premiere of the Film
"NURSE EDITH CAVELL"
in Aid of British War Organisation Fund
with the Band of the Middlesex Regiment.

STAR

HANKOW ROAD KOWLOON TEL 57795

FINAL SHOWINGS TODAY



TO-MORROW : "HURRICANE" Dorothy Lamour
UA Picture Jon Hall

THE NEW MINISTRY

The Government attach great importance to the new Ministry of Economic Warfare. That name was carefully chosen. The title, "Ministry of Blockade," given to a similar department in the last war was turned down at once. The new Ministry is going to be something more than that. Here, again, the Government have profited from past war experience by taking time by the forelock. The Ministry of Blockade was not set up until February 1918. Mr. R. Hibbert Cross, the new Minister of "E. W.," has had good training for the job as a merchant banker. He has been regarded for some time as one of the up-and-coming of the younger men (he is 43) of the Conservative Party. He is a man of ideas, direct, and hard-working. He once sent flowers to a sick and defeated op-

GORDON ROLL IS A PRIVATE

Mr. Gordon Roll, 28-years-race-horse owner and heir to £465,000, is now Private Roll, of the Queen's Regiment, pay, 2s. a day. He was reported to have sold 15 of his horses for £4,500 to a Surrey book-maker an hour or two before he enlisted at Guildford. Private Roll a month ago placed his racing losses at £30,000 in five months. To a reporter he then confided: "I have been a mug, but I have enjoyed every minute of it." It was Mr. Roll's plan, before the war, to make more money as an actor in Hollywood. His last recorded gamble was at the casino in Le Touquet, when he won £200.ponent, Mr. Cross can be chivalrous. He can also be tough.

Radio Programmes

HONGKONG

Z On Wavelengths of 353 metres (845 k.c.s.) 31.49
S
W metres (9.32 megacycles).

FOURTH TALK OF THE SERIES "SOME GREAT POETS"

"La Boheme" Acts 3 and 4

12.15 p.m. Short Service of Intercession.

12.30 Selections from Ivor Novello's Shows.

"Glamorous Night" - Selection - Drury Lane Theatre Orchestra - "The Dancing Years" - Selection - Drury Lane Theatre Orchestra - "The Miracle of Nicholas" - Selection - Drury Lane Theatre Orchestra.

1.00 Local Time Signal and Weather Report.

1.03 Mozart - Concerto in F Major. Arthur Schnabel (Piano) and the London Symphony Orchestra cond. by Dr. Malcolm Sargent.

1.30 Reuter and Rugby Press. Weather Forecast and Announcements.

1.45 B.B.C. Dance Orchestra.

Slow Fox-trot - The Morning After (Film "Hands Across the Sea"); Fox-trot - Sugar Plum (Film "Thanks a Million"); Waltz - In my Heart of Hearts (Film "Music Hath Charms"); Fox-trot - Big Ship (Film "Music Hath Charms"). Fox-trots - Radio Times; The Phantom of a Song. Comedy Waltz - A Feather in Her Tyrolean Hat; Comedy Waltz - The Travelling Salesman. Paso-Doble - Le Touquet; Fox-trot - The Merry-go-round Broke Down.

2.15 Close Down.

6.00 A Dance Programme.

Quick-step - I'm Just Wild About Harry; Talk to Me - Harry Roy's Tiger Rag; Waltz - The Umbrella Man (Film "These Foolish Things"); Fox-trot - The Bull (Film "Ferdinand the Bull"); Jack Hylton and His Orchestra. Fox-trots - I Used to be Colour Blind (Film "Carefree"); Let Me Whisper - Roy Smeck and His Hawaiian Serenaders. Fox-trots - Ten Little Miles from Town; Home at Sundown - The Organ; The Dance Band and Me - Tango - Trio; Nade Mas - Orquesta Típica; Francisco Canaro. Fox-trots - Between a Kiss and a Sigh; Angels with Dirty Faces - Tommy Dorsey and His Orchestra. Rumbas - Siboney; Triguinita - Alfredo Brito and His Orchestra. Tangos - My Dream Tango; By The Black Sea - George Boulianger and His Orchestra. Fox-trots - Plastered in Paris; I'm Away up High - The Band Waggoners. Waltz - Charnalade - Josephine Bradley and Her Ballroom Orchestra.

7.00 Closing local Stock Quotations.

7.02 Negro Spirituals.

Little Wheel A-Turnin' In My Heart (arr. Edna Thomas); Keep A-Inchin' Along (arr. Edna Thomas); Were You Dore? (arr. Edna Thomas); Edna Thomas (Soprano) with Piano. Negro Spirituals. Medley: Intro: I'm a rolling and Sing-a-bob; Hall de Crows; Joshua at de Battle ob Jericho; I got a Robe; Oh Lord I Done De Gospel Train; Black Sheep; Heav'n Bells are Ringin' I'll Hear de Trumpet Sound; Swing Low; Walk Together, Children. - Paul Robeson (Bass) and Jack Hylton and his Orchestra.

7.17 The Regimental Band of His Majesty's Coldstream Guards. Marches - Under the Double Eagle (J. Wagner); Hands Across the Sea (Kusa); Selections - Trial by Jury (Sullivan); "The Sorcerer" (Sullivan); Marches - Milanollo arr. by Mackenzie-Rogan; Royal Air Force March Past (Walford Davies).

7.38 A Light Orchestral Concert with Peter Dawson (Baritone).

Gavotte - The Way to the Heart (Paul Lincke); Willy Steiner and his Orchestra. The Late Player (Allison); Peter Dawson (Baritone) with Orchestra. Kiss Serenade (de Michel); Frederic Hippmann and His Orch. The Floral Dance (Moss) - Peter Dawson (Baritone) with Orchestra. Johann Strauss Waltz Potpourri (arr. Hohne) - Gloria Accordion Orchestra.

8.00 Local Time Signal, Weather Report and Announcements.

8.03 Next week's programmes.

8.07 Elsie Suddaby (Soprano) singing Purcell's "Nymphs and Shepherds."

8.10 Studio - "Some Great Poets" - 4. Wordsworth. A talk by Father Ryan, S. J. 8.35 A Programme of Old English Music. Piano Sonata in C Minor, Op. 1, No. 3 (John Field, 1782-1837) - Frank Merick (Piano). The Lass With The Delicate Air (Michael Arne). My Lovely Cella (Monro, arr. Lane Wilson) - Nan Maryska (Soprano) with Piano accompaniment by Ivor Newton.

8.55 Light Orchestral.

Schwanda (The Bagpipe Player - Weinberger) - Sir Hamilton Harty conducting the London Symphony Orchestra with Harold Dawber at the organ.

9.05 Studio - Comments on Recent Events.

9.15 London Relay - The News.

9.30 Schumann - Fantasia in C Major, Op. 17.

Wilhelm Backhaus (Piano).

10.00 Wieniawski - Legende, Op. 17.

Yehudi Menuhin (Violin) and Orchestra Des Concerts Colonne conducted by Georges Enesco.

10.16 Puccini's "La Boheme" Acts III and IV.

Sung by Artists and Full Chorus of La Scala, Milan, with Orchestra.

11.00 London Relay - "In England Now."

A Talk.

11.15 Close down.

SHORT WAVE

DAVENTRY
G.S.G. 17.75b.c. (16.85m.)
G.S.B. 9.51m.c. (31.55m.)
G.S.H. 21.47m.c. (31.97m.)
G.S.O. 11.18m.c. (19.79m.)

NEWS IN ENGLISH

Transmission I - News Summary - 4.00 p.m.

Full Bulletin - 5.00 p.m.

Trans. II & III - News Summary - 6.45 p.m.

Full Bulletin - 7.30 p.m.

do. 8.15 p.m.

do. 12.00 mid-night

Transmission V - News Summary - 7.30 a.m.

Full Bulletin - 8.30 a.m.

SHORT TALKS FROM B.B.C.

(All Hongkong Time)

Mondays - Background to the News - 11.00 p.m.

Tuesdays - Background to the News - 8.15 a.m.

In England Now - 11.00 p.m.

Cards on the Table - 8.00 p.m.

Wednesdays - In England Now - 6.45 a.m.

Cards on the Table - 8.15 a.m.

Matters of Moment - 11.00 p.m.

Thursdays - Matters of Moment - 6.45 a.m.

Background to the News - 11.00 p.m.

Fridays - In England Now - 11.00 p.m.

Now - 6.45 a.m.

Saturdays - In England Now - 11.00 p.m.

Now - 6.45 a.m.

London Log - 3.30 p.m.

London Log - 11.15 p.m.

Sundays - London Log - 6.45 a.m.

FIRING PRACTICE

Light gun anti-aircraft practice will be carried out between the hours of 9 a.m. and 2 p.m. today.

Firing Area 'B' will be affected.

Mr. E. F. Buttress, B.Sc., (Eng.), A. M. Inst. C.E., will give a lecture to the H.K. University Engineering Society on "The Economical Distribution of Materials in Bridge Design," in Room 'K' of the Hongkong University on Monday, Nov. 13, at 8.30 p.m. All interested are welcome.

CATHAY

DAILY AT 2.30, 5.15, 7.20, & 9.30 P.M.
MATINEES - 2.30, 5.15, 7.20, 9.30 P.M.

FINAL SHOWINGS TO-DAY!

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A 20th Century-Fox Picture

COMING EVENTS

NOV.

10-Tides: High 8.47 a.m. and 8.31 p.m. Low 2.25 a.m. and 2.03 p.m.

Sunrise: 6.33 a.m. Sunset: 5.42 p.m.

Street Sale of Poppies.

Claims against estate of Ella Sophia Gertrude Tidwell due.

Northumberland and Durham Assn. of H.K. Annual Mtg. S.C.M.P. 6.15 p.m.

Ladies Working Party (B.W.O.P.). Govt. House, 9 a.m.-1 p.m.

Sale of Work by Blind Girls' Home and Salvation Army Home, Phillips House, Mody Road, 10 a.m.-5 p.m.

St. John's Cathedral, Wedding: de la Mare-Rickwood, 3.30 p.m.

Y.M.C.A.: "Keep Fit" Class, 10.30 a.m.; Badminton and Mxd. Swimming, 8 p.m.

Sino-British Cultural Assn. Mtg., 5.30 p.m. Speaker: Prof. Hsu T'ashan - Chinese Women's Costumes During the Last Three Hundred Years.

Gala Premiere of "Nurse Edith Cavell" at Queen's and Alhambra Theatres, 8.30 p.m.

Cheero Club, Darts, Ping-Pong, Billiards.

Methodist L.C.A. Mahjongg Party at S. and S. Home, 3 p.m.

H.K. Reel Club Practice, Helena May Inst., 4.45 p.m.

Christian Fellowship, Helena May Inst., 10.30 a.m.

Toe R. Chater Room, St. Andrews' 6.45 p.m.

11-Tides: High 9.45 a.m. and 9.05 p.m. Low 3.10 a.m. and 2.35 p.m.

Sunrise: 6.33 a.m.; Sunset: 5.42 p.m.

Armistice Day; Bank Holiday.

Laying of Wreath at Cenotaph by British Legion, 11 a.m.

R.E.O.C.A. Gala Dance, Peninsula Hotel, 8.30 p.m.

B.P.R.D.C. Bazaar.

South China Athletic Meet.

H.E. the Governor visits H.K.V.D.C. Camp.

St. John's Cathedral, "Short Requiem" by H.K. Singers, 10.45 a.m.-11.15 a.m.

12-Remembrance Sunday.

St. John's Cathedral: Service of Remembrance, 10.40 a.m.

St. Andrew's Church: Remembrance Sunday, Collections in aid of Earl Haig's Fund; Christening, 3.30 p.m.

Charity Football Match, Club Ground, 4 p.m.

Softball League.

Y.M.C.A. Discussion Group, 9 p.m.

Magna Race.

Jasper Clarke Cup Golf.

South China Athletic Meet.

13-St. Patrick's Society, Annual Mtg., H.K. Hotel, 8.30 p.m.

Y.M.C.A.: War Work, 9.30 a.m.; A.D.C. Rehearsal, 8 p.m.

H.K. University, Lecture by Mr. E. F. Buttress, B.Sc., "The Economical Distribution of Materials in Bridge Design," 8.30 p.m.

Exhibition of Paintings by E. K. Lim, St. John's Cathedral Hall, 9 a.m.-5 p.m.

14-Mr. K. K. Lim's Art Exhibition, Cathedral Hall, 9 a.m.

Wedding: Loeb-Robinson.

Y.M.C.A.: Bridge Class, 10 a.m.; Badminton, 6 p.m.

15-Old Masters Day.

Philippines Day, Luncheon at Philippine Club, 1 p.m.

H.K.R.A. Shoot-1.45 p.m.

Claims against estate of Marjorie Hasketh Hughes and W. Spiereder due.

Weekly Dancing Classes start at Peninsula Hotel, 4.30 p.m.

Y.M.C.A.: Badminton (all day).

16-Wedding: Isaac Summad (I.R.C.). Theosophical Society: Speaker - Rev. K. L. Reichelt, D.D., "A Pilgrimage to a Holy Mountain."

Vagabonds Rotary Mtg., 7.30 p.m.

St. Andrew's Club Whist Drive.

Y.M.C.A.: Games Morning, 10 a.m.; A.D.C. Rehearsal, 8.30 p.m.

17-Criminal Sessions at Supreme Court, 9.30 a.m.

Crown Land Sale (D.O. South), 11 a.m.

Y.M.C.A.: Badminton, 6 p.m.

18-H.K. Jockey Club's 11th Extra Race Meeting.

R.E.W.O. and Serets. Mess. Whist Drive and Dance, 8.30 p.m.

Y.M.C.A.: Badminton, 10 a.m.

19-Golf - St. Andrew's vs. St. George's.

C.R.P. Open Mixed Doubles Tennis Tourney Semi-finals.

St. Teresa's Church - Wedding: Alves-de Gardiner.

20-Crown Land Sale, P.W.D., 3 p.m.

St. Andrew's Club, Badminton; Mother's Union and Fellowship Whist Drive.

21-H.K.R.A. Rifle Shoot-1.45 p.m.

Claims against estate of Charles Euchar Mathers due.

St. Joseph's Church: Wedding - Brooks-Caudron.

23-Claims against estate of Yong Neef Chai due.

Theosophical Society: Speaker - Mr. John Russell "Occult Study."

St. Andrew's Club, Social Evening.

24-Claims against estate of Edward Osborne due.

H.K. Reel Club, Annual Dance, Peninsula Hotel, 9 p.m.

Sino-British Cultural Assn. Mtg. Speaker: Dr. J. A. O. Herkots "China's Contribution to English Gardens."

25-Governor's Cup Football. R.E.O.C.A. Super Dance, Peninsula Hotel, 8.30 p.m.

St. Andrew's Church: Day of Prayer and Gifts.

St. John's Cathedral Fair, Volunteer Hqs.

13-R.E.W.O. and Serets. Mess. Whist Drive and Dance, 8.30 p.m.

26-H.K.R.A. Shoot-9 a.m.

Golf - First Round of Club Championship.

C.R.C. Open Mixed Doubles Tennis Tourney Finals.

27-Girl Guides Annual General Mtg., Sandilands Hut, 10.30 a.m.

H.K. Art Club Annual Exhibition, St. John's Hall, 10 a.m.-7 p.m.

St. Andrew's Club, Badminton.

28-H.K. Art Club Annual Exhibition, St. John's Hall, 10 a.m.-7 p.m.

H.K. Singers Annual Concert in aid of St. Dunstan's, University Great Hall.

29-H.K.R.A. Shoot-1.45 p.m.

30-St. Andrew's Society Concert, H.K. Hotel.

H.K. Jockey Club, Half-Yearly Gen. Mtg. of Voting Members, Club House, Happy Valley, 5.30 p.m.

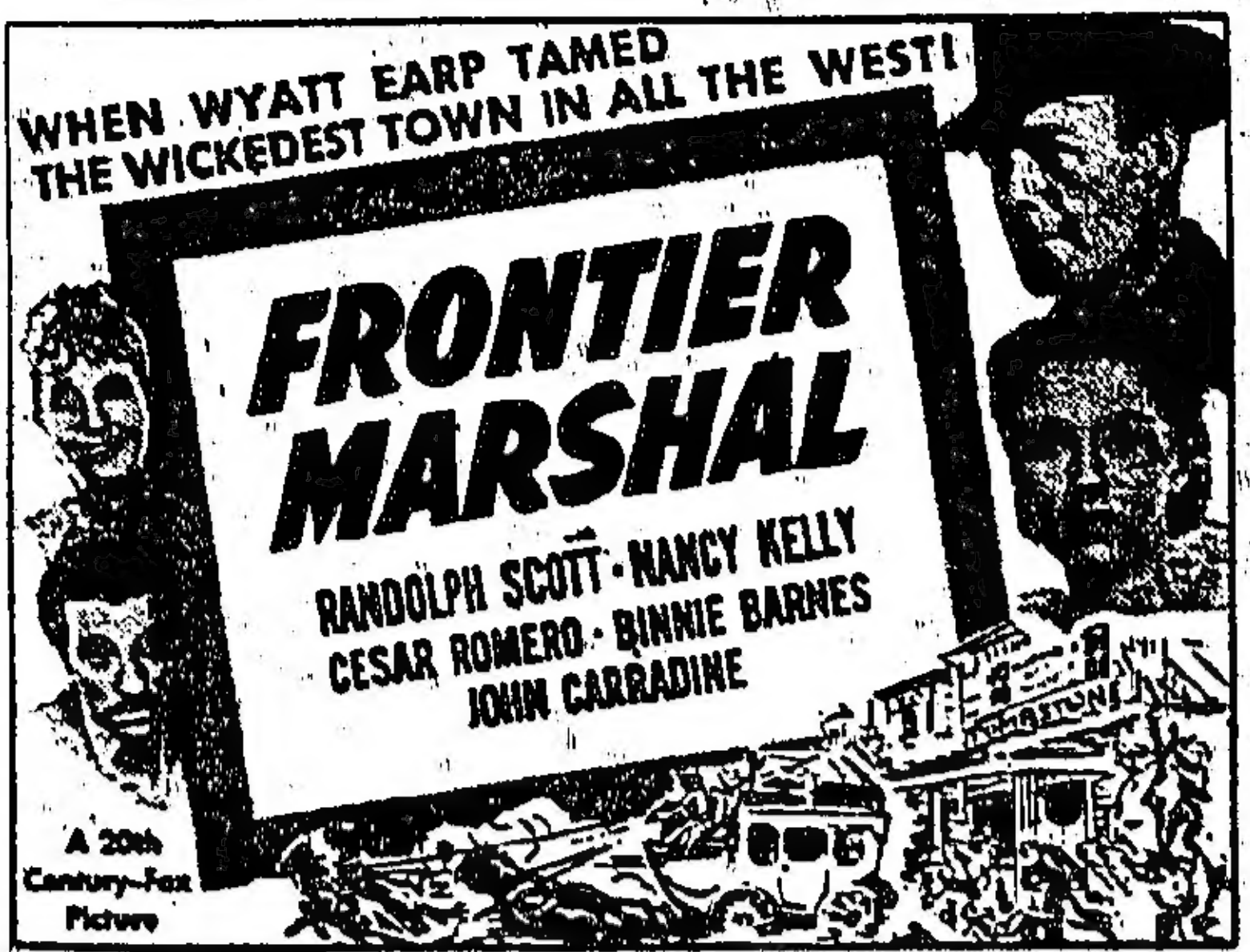
Central British Association Dance.

Theosophical Society: Speaker - Miss Ely O'Ware - "The Philosophy of Life of Andre Maurois."

St. Andrew's Club, Open Night.

KING'S

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DAILY AT 2.30, 5.10, 7.15 & 9.30 P.M.



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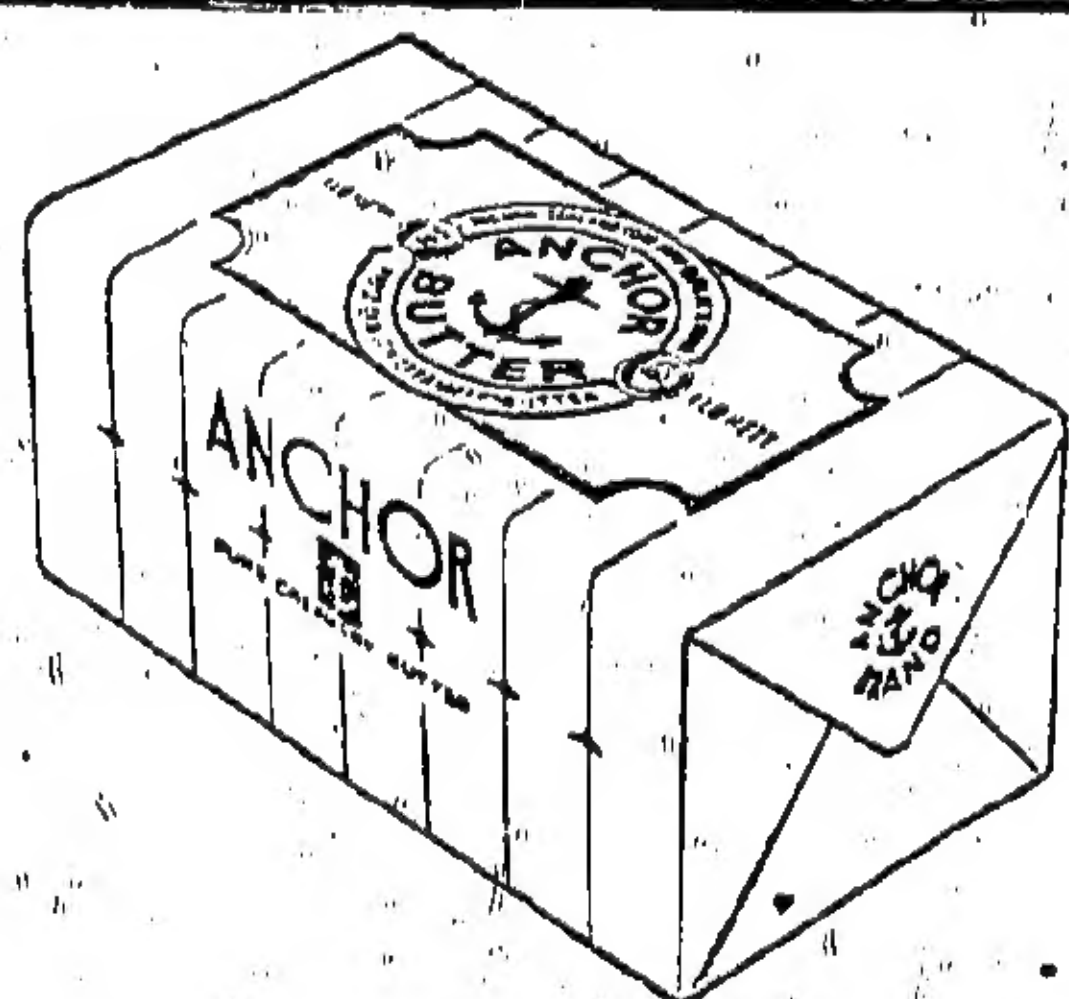
FIRST ISSUE

will be published
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AFTER THE ROYAL OAK SANK: SURVIVORS' GIVE

Experiences

LONDON, Oct. 19 (By Mail).—Three of the crew of the Royal Oak, Vincent Marchant (18), of Mabley, Doncaster, Robert Martin (18), of Brighton, and Robert Hayhoe (20), of Bedford, described in an interview how they were saved after the sinking of the battleship.

OIL ON SURFACE

Marchant said: "Searchlights were playing over the water, and I could see hundreds of heads bobbing around. Great volumes of oil came up to the surface.

My eyes started to smart, and the faces of all the men swimming in the water turned a greasy black. I was caught in a searchlight for several minutes, and saw that two of my pals were swimming alongside me. Later, however, they had cramp and disappeared.

VAGUE RECOLLECTION

"I must have swum about a mile and a half when I felt a rock under me. I have just a vague recollection of climbing up the sheer face of a cliff about twenty to thirty feet high. Another figure was climbing behind me, but he slipped and crashed among the rocks."

Martin also swam to these rocks. As he lay there, he said, a whaler came in sight shouting for survivors through a megaphone and he was taken on board.

TURNED TURTLE

Hayhoe said: "With a number of other men I shinned down a rope to a pinnace and we got clear. When the Royal Oak sank the pinnace turned turtle. Fortunately I was thrown clear and succeeded in swimming back and holding on to the upturned keel. All the others in the pinnace, I think, were lost.

"The pinnace somehow righted itself. I got into it again. Once more it heeled over. I was caught underneath, but managed to swim free and reach shore."

TURKEY RATIFIES NEW PACT

ANKARA, Nov. 9 (Reuter).—The Turkish National Assembly ratified unanimously, amid acclamations, the Anglo-Franco Turkish Pact.

COLONY HEALTH BULLETIN

Twenty-one cases of tuberculosis, twelve cases of dysentery, five cases of diphtheria and one case of enteric fever were notified to the Health Department on Nov. 8.

New Zealand & The Common Cause

STRONG POSITION OF COMMONWEALTH

LONDON, Nov. 9 (Reuter).—A re-affirmation that New Zealand will bring the utmost of her resources to the common cause was made by Mr. P. Fraser, Minister of Education, now in London, in a broadcast in the course of which he expressed the hope that the representatives of the Commonwealth would examine the possibility of formulating terms on which, at some stage, peace could be firmly secured and honourably based.

The Commonwealth was in such a strong position that even the wilfully blind could not interpret them as a sign of weakness.

Mr. Fraser also expressed the sincere wish that that the present difficulties in India would be speedily and satisfactorily adjusted so that the Indian people as a whole would feel that the present struggle is for the establishment and preservation of democracy in their own land, as well as in Europe and the world generally.

RELATIONS WITH JAPAN

UNIFIED BRITISH POLICY

LONDON, Nov. 9 (Reuter).—At question time in the House of Commons yesterday, Mr. R. A. Butler, Under-Secretary for Foreign Affairs, said that Lord Halifax was not prepared to lay as a White Paper the text of the interview recently given to the Japanese newspaper Asahi by Mr. Chamberlain concerning Anglo-Japanese relations.

Mr. Butler said he would consider the request for the text of Mr. Joseph Grews recent speech in Tokyo to be placed in the Commons library.

Mr. Noel Baker (Lab) asked if an assurance could be given that the declaration was based on the same fundamental principles of foreign policy.

Mr. Butler replied, "Yes. The foreign policy of the British Government is both unified and fundamental."

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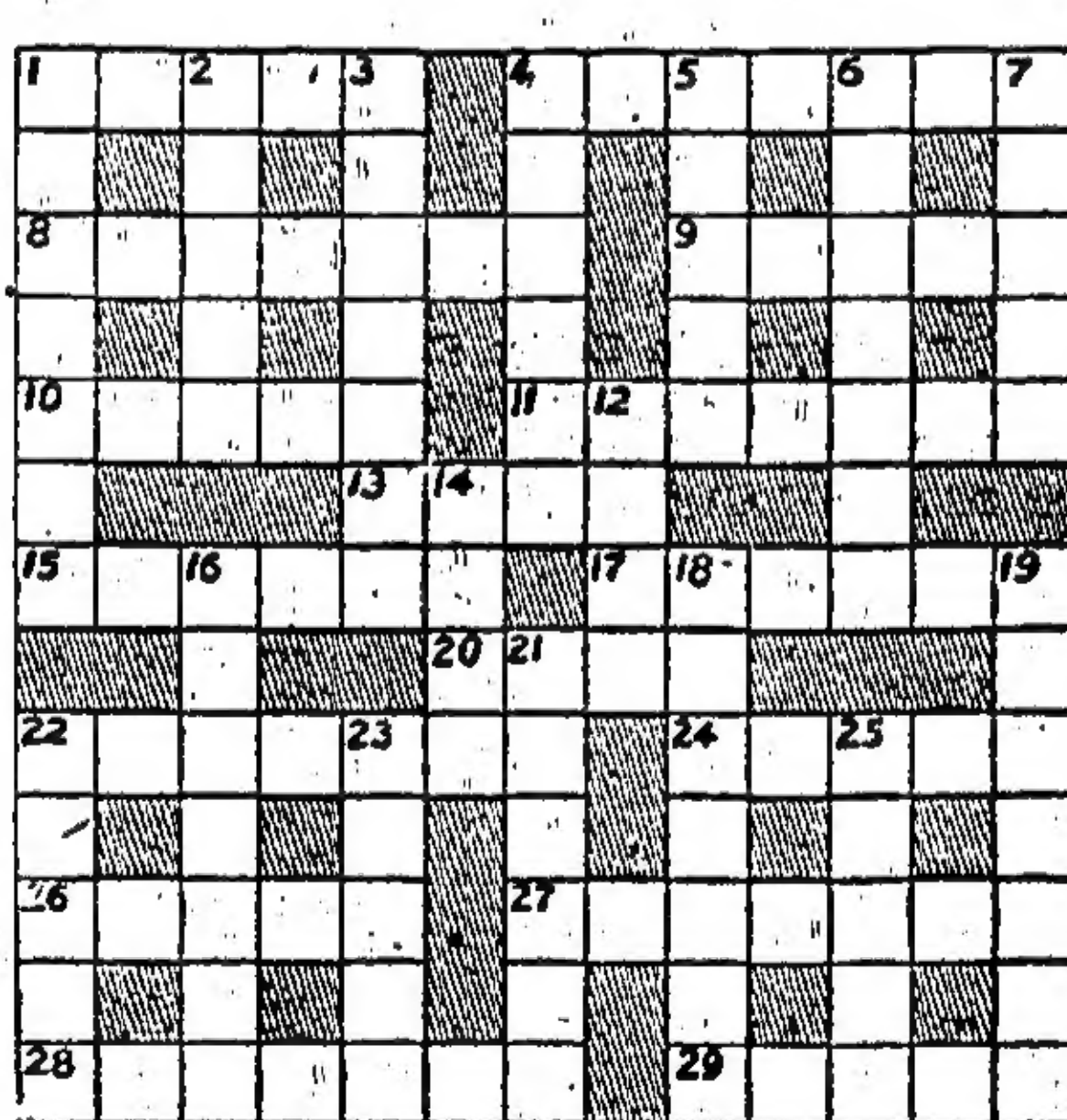
CROSSWORD NO. 458

ACROSS

- 1 Funny (5)
- 4 Leader (7)
- 8 Non-presence (7)
- 9 Birds' homes (5)
- 10 Number (5)
- 11 Community (7)
- 13 Extracted (4)
- 15 Beverage (6)
- 17 Regard highly (6)
- 20 Otherwise (4)
- 22 Letter (7)
- 24 Sing (5)
- 26 Morsel (6)
- 27 Mental (7)
- 28 Sedition (7)
- 29 Sediment (5)

DOWN

- 1 Formless (7)
- 2 Hoarder (5)
- 3 Yield (7)
- 4 Dairy product (6)



- | | |
|--------------------|------------------------|
| 5 Fright (5) | 7 |
| 6 Stern (7) | 19 Wrist coverings (7) |
| 7 Obnoxious (5) | 21 Diminutive (6) |
| 12 Is indebted (4) | 22 Number (5) |
| 14 Dance (4) | 23 Sugar servers (5) |
| 16 Ship (7) | 25 Ablaze (5) |
| 18 Fastened | |

SOLUTION TOMORROW

Solution No 457

ACROSS: 1, Comic. 4, Captain. 8, Absence. 9, Nests. 10, Tree. 11, Society. 13, Drew. 15, Coffee. 17, Esteem. 20, Else. 22, Epistle. 24, Chant. 26, Grain. 27, Servile. 28, Treason. 29, Dregs.
DOWN: 1, Chaotic. 2, Miser. 3, Concede. 4, Cheese. 5, Paroxysm. 6, Austere. 7, Nasty. 12, Owe. 14, Reel. 16, Frigate. 18, Secured. 19, Mittens. 21, Lesson. 23, Eight. 25, Tonga. 26, Adre.

OSLO CONFERENCE CONCLUDES

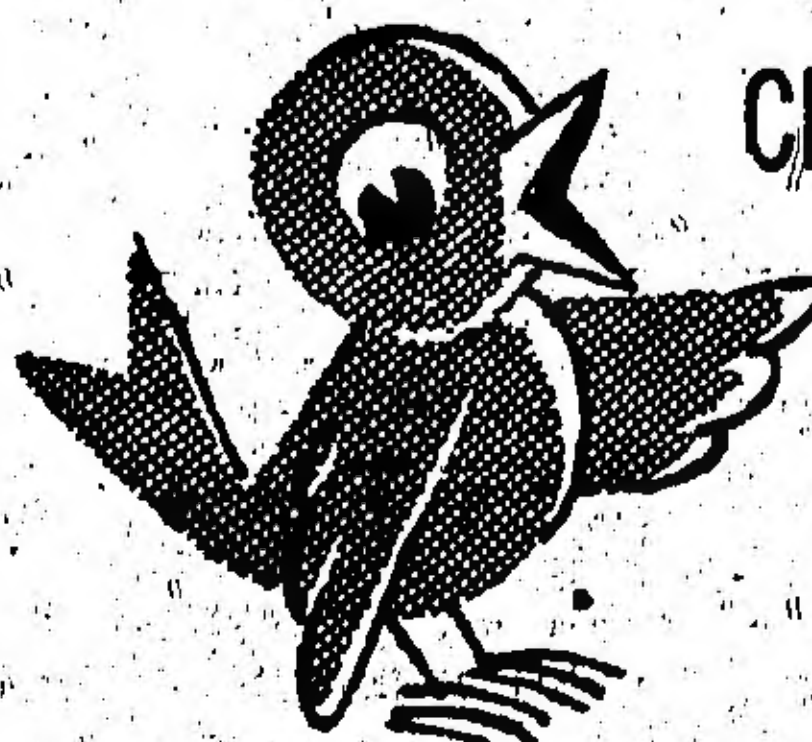
COPENHAGEN, Nov. 9 (Reuter).—The meeting of the Oslo Powers concluded yesterday. No communique was issued and it was stated that technical questions of interest to neutral powers had been discussed.

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LAMMERTS' AUCTIONS

PUBLIC AUCTION.

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On View from Wednesday, the
8th November, 1939.

TERMS:—CASH ON DELIVERY.

LAMMERT BROS.
AUCTIONEERSSTRENGTH OF POLICE
RESERVE TO BE 400 FOR
PERIOD OF THE WARGovernor Pays Tribute At
Annual Inspection

A PROPOSAL FROM THE COMMISSIONER OF POLICE THAT THE STRENGTH OF THE HONGKONG POLICE RESERVE SHOULD BE BROUGHT UP TO 400 FOR THE PERIOD OF THE WAR IN EUROPE WAS APPROVED BY HIS EXCELLENCY THE GOVERNOR, SIR GEOFFREY NORTHCOTE, ON WEDNESDAY.

This was disclosed by his Excellency yesterday afternoon when he inspected the Police Reserve and Special Constabulary Force at the Central Police Station compound. The Hon. Mr. T. H. King, Commissioner of Police, was present and the parade was under the command of Mr. O. Eager, D.S.P. (R).

His Excellency, in the course of his speech, paid high tribute to the splendid services performed by the police reservists.

Constable Leung Yiu-wing, of the Chinese Company, and Constable Syed Zaffar Alam, of the Indian Company, were presented with the "Commended Service" Bar for zeal and alertness.

Officers on parade were:—Mr. David Lote, A.S.P. (Chinese Company); Mr. Feroze Ali (Indian Company); Insp. W. V. Field (Emergency Unit); Mr. B. C. Randall, A.S.P. (Flying Squad); Sub-Insp. Chau Yue-ting (Special Constabulary Force).

GOVERNOR'S SPEECH

His Excellency the Governor said:—

It has given me very great pleasure to inspect your ranks this afternoon, pleasure mixed with considerable pride that the Colony should possess such a smart body of men. Your smartness and steadiness on parade would be commendable in any regular force, and is doubly worthy of congratulation in a force whose members' sole opportunity for training is in their spare time.

To none of you is the Police Reserve a whole-time job; all of you have other work and other ties; and yet this afternoon I have seen efficiency and enthusiasm well worthy of the highest traditions of any branch of the British services.

This efficiency is all the more commendable when it is realised that over a hundred members of the Reserve have only joined this year, and fifty of those since the outbreak of the European War in September; such in fact was the rush of recruits that a waiting list had to be formed—an indication of the high esteem in which the Reserve is held throughout the Colony.

AN ADDED BURDEN

The war thrust upon Great Britain by the faithless and aggressive conduct of Germany's leaders has thrown an added burden upon the shoulders of all, and nowhere has there been a more willing response to the call than in the ranks of the Police Reserve.

You were called out for active service on October 13, 1938: from that time on not less than 112 of your number have paraded for four hours each night, and this figure rose to 230, or over half your strength, for some nights on the outbreak of the present war. That is an entry in your records of which you may be proud, and I

take this opportunity of acknowledging that the Government and the Colony generally gladly recognise the keenness and efficiency which you have shown consistently.

Yesterday a proposal came before me from the Honourable the Commissioner of Police that your strength should be brought up to 400 for the period of the war in Europe. Recognising that the circumstances in which the Colony is placed may necessitate a Reserve of that strength I willingly gave the request my approval and I wish the new recruits good luck and a happy service.

I am very pleased to see on parade this evening also the recently formed Special Constabulary whose public-spirited conduct in coming forward with the offer of their services is highly appreciated both by the Government and the inhabitants of the Colony.

In conclusion I wish to congratulate Constable Leung Yiu Wing of the Chinese Company and Constable Syed Zaffar Alam of the Indian Company on the zeal and alertness which has led to their being awarded the "Commended Service" Bar. It is acts such as theirs which have given the Police Reserve the high reputation which it now bears.

Officers and men of the Police Reserve, I thank you for your excellent work in the past year, and I wish you the best of good luck in the future.

GUESTS PRESENT

Among the guests present at the inspection were:

Mr. C. G. Perdue, Mr. Abbas Khan (Honorary Police Reservist of the Indian Company), Mr. Tso Tam-on (Adjutant of Police Reservists), Dr. H. el Arculli, Messrs C. Champkin, Tse Ka-po, Li Shing-kul, Tso Shin-man, Chan Seng-poon, Kwok Chan, Fung Heung-cheung, Ng Wah, Ngan Shing-kwan, and Feroze Din.

TRAFFIC ACCIDENTS
IN THE COLONY

In the Colony of Hongkong, including the island, Kowloon and New Territories during the week ending at 8 a.m. on Saturday, Nov. 4, 1939, there were altogether 92 traffic accidents as the result of which 1 person was killed and 36 persons were injured.

The person killed, a Chinese male, age 27, died from injuries received when his cycle ran into a wall at Castle Road.

Of persons injured, 22 were pedestrians, who were either walking or running across the road and were struck by vehicles.

Of 92 accidents, 32 were collisions between vehicles; 34 were collisions between vehicles and pedestrians; 26 accidents were due to other causes.

Type of Vehicles Involved: Private motor car 39; Motor lorry 28; Motor bus 15; Public motor car 6; Motor cycle 5; Tramcar 18; Tricycle 2; Bicycle 8; Ricksha 4.

POPPY DAY FUND

Please give more generously than ever before for the emblem of remembrance you will wear on Remembrance Day, 1939.

The following is the latest list of donations:

Previously acknowledged \$7,866.51; Thomson & Co. \$50; Mr. and Mrs. F. G. Maunders \$50; The Chanticleer Restaurant \$50; St. Patrick's Society of Hong Kong \$250; Mr. and Mrs. W. F. Simmons \$20; Mr. and Mrs. H. H. Pegg \$25; Dr. and Mrs. J. Durran \$50; R. B. de L. Liesching \$10; Jensen & Co. \$50; G. Miskin \$50; Mrs. N. J. Perrin \$20; Girl Guide's Association \$5; Total: \$8,296.51.

Further donations will be gratefully received by F. G. Maunders, Secretary, Earl Haig's Fund, Hongkong & Shanghai Bank Building. Cheques should be made payable to Thomson & Co. and be crossed Poppy Day Fund.

CHARGED ON
20 COUNTSALLEGATIONS
AGAINST BUS
CONDUCTORS

A further remand of one week was granted at Kowloon Court yesterday in the case in which five bus conductors, an unemployed man, and another man and a woman are charged with conspiracy to defraud the Kowloon Motor Bus Company, and are separately charged on a total of some 20 counts of possession of forged bus tickets, uttering forged bus tickets, possession of a printing press without a licence, possession of forged documents, and embezzlement.

ALLOWED BAIL

The defendants were allowed bail as follows: Li Sang, 27, unemployed, \$3,000; Wu Wing, 22, bus conductor, \$2,500; Tang Tak, 28, bus conductor, \$500; Ho On, 22, bus conductor, \$2,500; Pun Fat, 31, bus conductor, \$1,500; Wong Lee, 26, bus conductor, \$500; Chan Tai, 27, married woman, \$250; and Wong Wah, an eighth defendant, who appeared yesterday for the first time, \$1,000.

FORMER EMPLOYEE

A fine of \$20, in default, a month with hard labour, was imposed by Mr. Q. A. A. Macfadyen at Kowloon Court yesterday on Wong Siu-ping, 26, unemployed, who was convicted of having attempted to avoid payment of bus fare.

It was stated in Court that Wong was a former employee of the Kowloon Motorbus Company.

MURDER CHARGE

The preliminary hearing of the case in which Yip Kui, unemployed, is charged with the murder of his daughter-in-law, Lo Chuen-lan, at No. 79, First Street, on Oct. 20, was concluded before Mr. T. J. Houston at the Central Magistracy when defendant was committed to the Criminal Sessions.

Mr. J. B. Frensis, Assistant Crown Solicitor, conducted the prosecution, assisted by Det.-Insp. J. O'Donovan.

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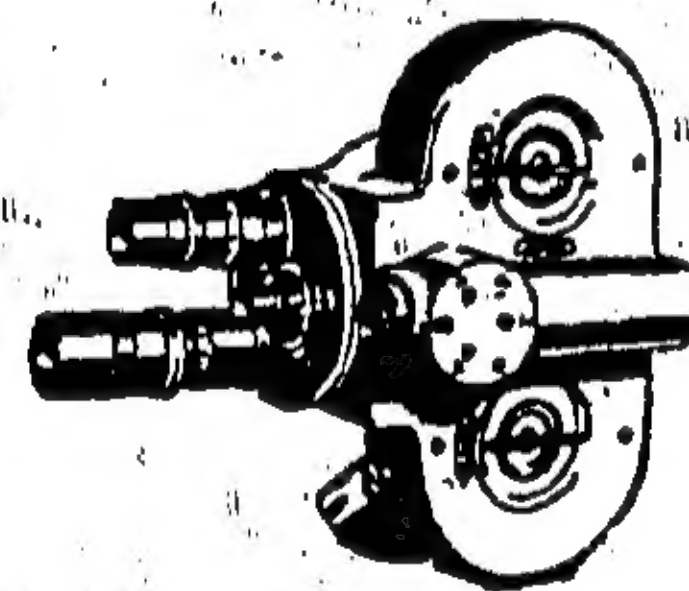
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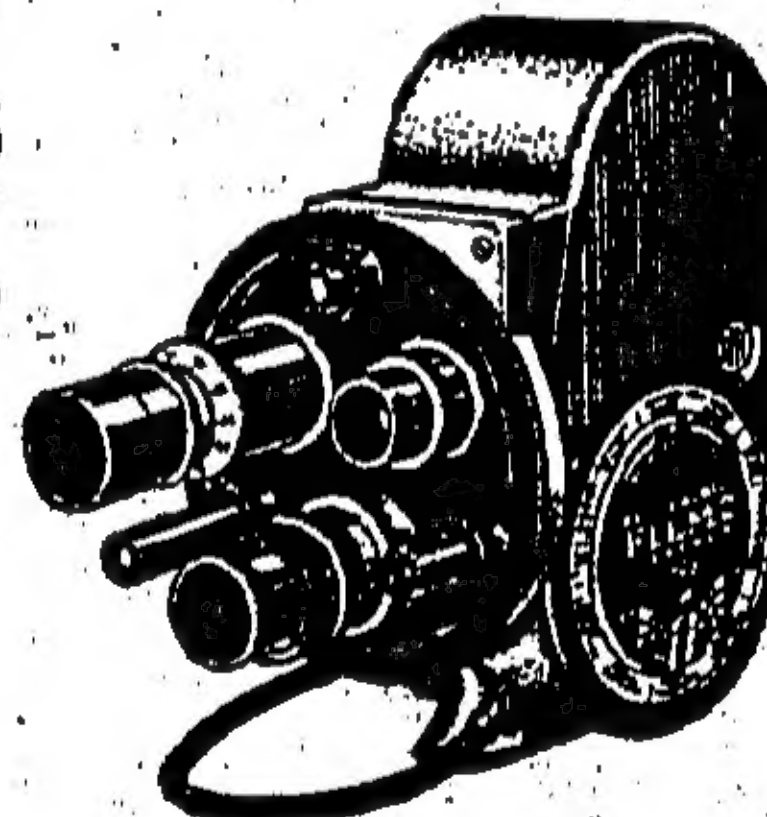
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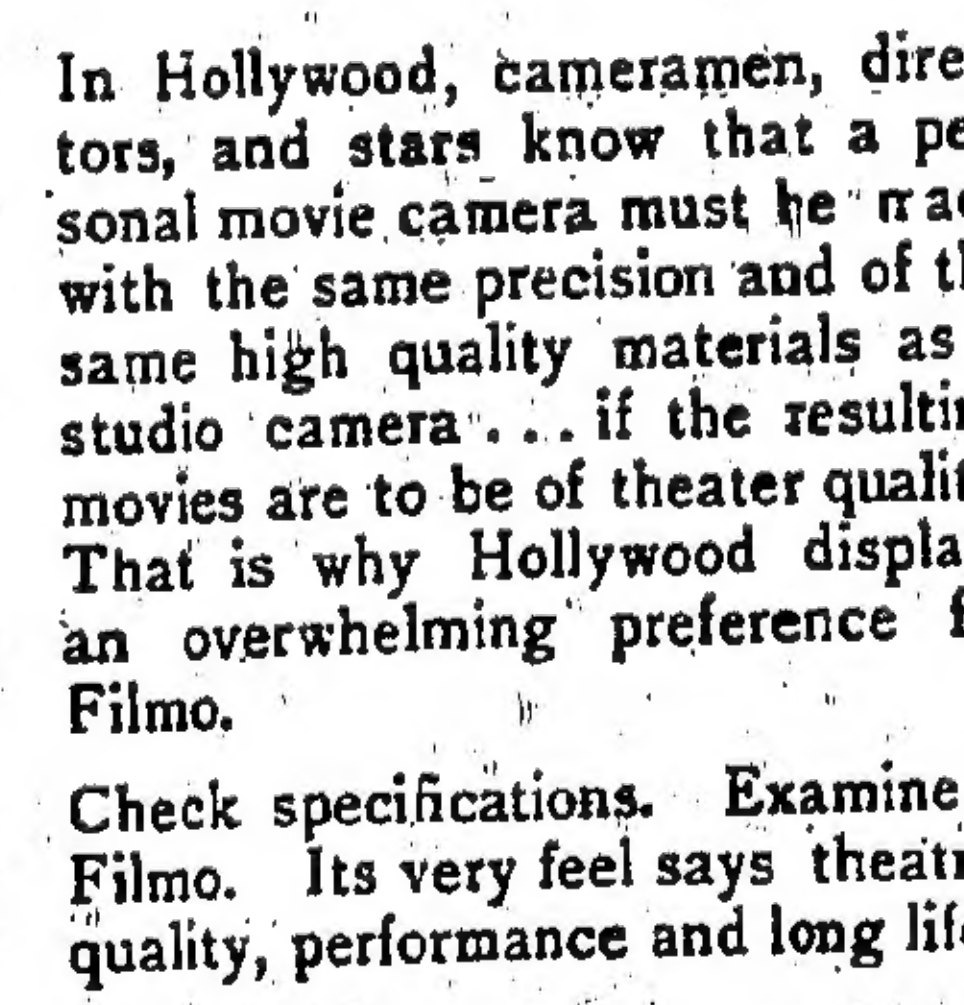
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NEW ADVERTISEMENTS

IN THE SUPREME COURT OF HONG KONG.

ORIGINAL JURISDICTION.

MISC. PROC. NO. 51 OF 1939.

IN THE MATTER of Standard Transportation Company, Limited

And

IN THE MATTER of the Companies Ordinance, 1932.

NOTICE is hereby given that a Petition presented to the Supreme Court of Hong Kong on the 27th day of October, 1939, for confirming the reduction of the capital of the above mentioned Company from £1,750,000 to £875,000 is directed to be heard before His Honour the Chief Justice on the 30th day of November, 1939, at 10.00 a.m. Any creditor or shareholder of the Company desiring to oppose the making of an order for the reduction of the capital of the said Company under the above Ordinance should appear at the time of hearing by himself or his Counsel for that purpose.

A copy of the petition will be furnished to any creditor or shareholder of the Company requiring the same by the undersigned on payment of the regulated charges for the same.

Dated this 9th day of November, 1939.

WILKINSON & GRIST,
Solicitors for the Company,
2, Queen's Road Central,
Hong Kong.

ADVERTISEMENTS

G. R.

PUBLIC AUCTION.

PARTICULARS AND CONDITIONS of the Sale by Public Auction to be held on Monday, the 13th day of Nov., 1939, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land at Tai Hang Road, in the Colony of Hong Kong for a term of 75 years, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 75 years.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant), will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT

No. of Sale	Registry No.	Locality	Boundary Measurements	Contents in Square Feet	Annual Rental	Upset Price
10	Inland Lot No. 5710	Adjoining Inland Lot No. 3304 and 3305, Tai Hang Road.	As per sale plan	About 55,370	636	27,085

809

G. R.

PUBLIC AUCTION.

PARTICULARS AND CONDITIONS of the Sale by Public Auction to be held on Monday, the 13th day of Nov., 1939, at 3 p.m., at the Offices of the Public Works Department, by Order of His Excellency the Governor of one Lot of Crown Land at Repulse Bay, in the Colony of Hong Kong for a term of 75 years, with the option of renewal at a Crown Rent to be fixed by the Surveyor of His Majesty the KING, for one further term of 75 years.

Intending bidders are advised that immediately after the disposal of the lot the Purchaser (if not the applicant), will be required to deposit with an authorised officer who will be present at the sale, the sum of two hundred dollars, (\$200) in cash. This sum will be refunded on payment of the Purchase price.

PARTICULARS OF THE LOT

No. of Sale	Registry No.	Locality	Boundary Measurements	Contents in Square Feet	Annual Rental	Upset Price
3	Lot No. 411	North East of Lualaba Bay, Repulse Bay.	As per sale plan	About 18,000	184	4,000

810

PARTICULARS OF THE LOT

No. of Sale	Registry No.	Locality	Boundary Measurements	Contents in Square Feet	Annual Rental	Upset Price
1	Lot No. 5740	Opposite New Kowloon Inland Lot No. 1197, La Salle Road, Kowloon.	As per sale plan	About 16,000	161	6,000

808

ADVERTISEMENT

IN THE SUPREME COURT OF HONG KONG.

PROBATE JURISDICTION.

IN THE GOODS of LOUISA WILSON, late of 4, Trafalgar Road, Birkdale, in the County of Lancaster, in the United Kingdom, Widow deceased.

NOTICE is hereby given that the Court has by virtue of the provisions of Section 58 of Ordinance No. 2 of 1897 made an order limiting the time for creditors and others to send in their claims against the above estate to 2nd day of December, 1939.

All Creditors and others are accordingly hereby required to send their claims to the undersigned on or before that date.

DEACONS,

Solicitors for the Executors,
1, Des Voeux Road Central,
Hong Kong.

The Daily Press
報西刺

Editorial and Business Office:
15-19, Queen's Road Central,
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E.C.4.

HONGKONG, NOVEMBER 10, 1939

THE BATTLE FOR THE NEUTRALS

THE MEDIATORY initiative of Holland and Belgium, although it appears already to have miscarried, brings into strong focus the position of the neutral states of Europe, helplessly caught in the conflict of three great Powers.

THERE IS LITTLE DOUBT that the peace proposals were made, first and foremost, out of fear. The Low Countries stand in imminent danger of German invasion. If this materialises, the Allies will certainly not look on while the German war machine rolls forward to the coast. Neither Belgium, which suffered a similar fate in the last war, nor Holland, fortunate in having avoided invasion for more than a hundred years, are particularly anxious to become battlefields in a quarrel which is not of their making.

THE SCANDINAVIAN LANDS, which have supported the latest peace proposals, have, like the Low Countries, long been under the influence of Great Britain. At the same time, they are afraid of offending Germany, which is closer at hand. Finally, they know that Soviet Russia, anxious to use her new strategic position in the Baltic to limit the spread of the war, looks with marked disfavour upon the prospect of either Allied or German ascendancy in Northeastern Europe. Their nerves already jangled by the sinking of their shipping and such ticklish incidents as that of the "City of Flint," Sweden, Denmark and Norway are also interested, above all, in somehow averting the gathering storm.

CONSIDERATION of the subjective position of the smaller neutrals leads us to an examination of the whole objective situation in Europe. The chief characteristic of this situation is, now in its third month, the war has not yet assumed the proportions or appearance of a major military conflict. The main battles are still being fought on the diplomatic front. And the chief spoils for which these battles are

SINO-SOVIET AIR MAIL & PASSENGER SERVICE SOON

CHUNGKING, Nov. 9 (Reuter).—It is officially announced that a direct Sino-Soviet air mail and passenger service via Sinkiang (Chinese Turkestan) will shortly be inaugurated. In this connection, it is interesting to note that the Sino-German Eurasia Aviation Corporation will operate the new air line between Chungking and Hami.

The projected air line has been under negotiations between the Chinese and Soviet Governments for over a year but the final arrangements were concluded some months ago shortly after the conclusion of arrangements between the British Imperial Airways and the Chinese Government for the Chungking-Rangoon air line.

AIRFIELDS COMPLETED

The construction of airfields in Sinkiang has been delaying the opening of the new air line but the latest reports state that the airfields have been completed.

Previously, before the signature of the Soviet-German Non-Aggression Pact the Eurasia Aviation Corporation was not allowed to operate beyond Lanchow, therefore it was originally planned for the Ministry of Communications to operate the Chungking-Hami air line but this difficulty was apparently overcome today with the Soviet-German rapprochement.

JAPAN'S BUDGET WILL EXCEED 10 BILLION YEN

TOKYO, Nov. 9 (Reuter).—Despite stringent curtailment of non-urgent expenditure, the budgetary estimates for the next financial year will exceed Yen 10,500,000,000, declares the Japanese Times.

The journal forecasts that ordinary budget expenditure will total Yen 5,000,000,000 while military expenditures will approximate Yen 5,500,000,000. This year's budget totalled Yen 8,874,000,000.

The Chinese National Government on Wednesday ordered a grant of \$3,000 to defray funeral expenses for the late Mr. Ma Hsiang-po, centenarian scholar, who died at Lanchow, on the Kwangsi-Indo-China border on November 4.

being waged are the neutral countries.

SO FAR, most of the spoils have gone to the Allies. The Anglo-Franco-Turkish Pact confirmed, under war conditions, their peacetime influence on the Black Sea and in the Balkans. The revision of the American Neutrality Act made it possible for them to buy as many arms as munition factories across the Atlantic, gleefully preparing for expansion, can manufacture and sell. If Britain and France have lost Poland and much of their peacetime influence in the Baltic countries, the blow to Germany has been even greater, since the age-old Drang Nach Osten has been mercilessly uprooted. Italy still wavers, and it is probable that the next great diplomatic encounter will be fought for her allegiance, although the Allies will be very reluctant to give her the price she is probably asking, in African possessions and recognition of potential Balkan interests, in return for the temporary loan of the Brenner Pass.

AND WHEN ITALY is disposed of, there will still be Japan. She too is sitting on the fence, and she too will ask her pound of flesh. A hardened, thrice-perjured speculator on the international scene, she is likely to lead her suitors a merry dance.

IN THE MEANTIME, it is not improbable that the military situation will remain deadlocked for some time. The forces immediately available to either side, both offensive and defensive, are very nearly equal. While anything can be attained by other means, both sides will continue to manoeuvre for whatever advantage time and new diplomatic victories can give.

UPWARD TENDENCY IN CRIME ANNUAL POLICE REPORT

THE YEAR 1938 proved no less difficult than the preceding year for the Hongkong Police, according to the report of the Commissioner of Police for last year. The extension of Japanese military operations in South China caused a big influx of refugees and a general disturbance of normal conditions.

The chief disadvantage seems to have been the extraordinary number of dead bodies of unknown persons found by the police in the streets and elsewhere. From an average of just over 1,000 during the previous four years, the number rose to very nearly 3,000 in 1938—an average of nearly 10 a day!

The capture of Canton and other places, caused the opening of several prisons in the neighbouring province, and this led to the arrival in the Colony of many criminals, and the upward tendency of crime is reflected in the number of cases dealt with at the Criminal Sessions. The number rose to 167 as against 150 in 1937 and 114 in 1936.

"SAFETY FIRST"

The increase in the number of traffic accidents testifies to the need for a "safety first" campaign in the Colony, special provision for which has been budgeted in the estimates for the current year.

The Police Department collected \$1,038,425 in revenue during the year under review. Ten more Chinese probationer Sub-Inspectors were recruited during the year and three casualties occurred.

In certain districts the police had to take stringent measures to check the collection of funds for Chinese war relief and 44 persons were prosecuted for unauthorised collecting in the street.

STOLEN PROPERTY

Property stolen during the year amounted in value to \$543,545. Of a total of \$71,965 worth of property reported as lost, \$5,630 worth was found.

There was a decrease in the number of persons dealt with by the Deportation office. This, in part, is due to deportees not being sent from Malaya owing to the Sino-Japanese war.

Out of 239 children under 15 years old reported missing, 204 were found. There were no piracies of ships during the year, but there were several attacks by Japanese naval forces on Chinese fishing and cargo junks.

Emergency Unit training courses in A.R.P. were started and now there are over, and the classes starting with only 15 developed to over 100.

WOMEN'S LEAGUE OF HEALTH TO AID CHINA CO-OPS

It is announced that the Women's League of Health will hold its first outdoor demonstration in Hongkong on Jan. 7, at the South China Athletic Stadium at Caroline Hill. It is expected that 100 members will take part.

The health exercises will be presented in three sections, elementary, medium and advanced. The proceeds collected will go to the Chinese Industrial Co-operatives.

FORTHCOMING MARRIAGES

The following forthcoming marriages were announced at the Registry, Supreme Court, yesterday:—Mr. Lai She-lou, teacher, residing at No. 13, South Lane Street, and Miss Tsui Kum-yung, of No. 64, High Street.

Mr. Chung Shiu-fun, of No. 19, Canton Road, and Miss Lee Wing-mui, residing at No. 548, Nathan Road.

Mr. Ngan So, of No. 104, Fuk Wah Street, and Miss Lo Pui-ching, residing at No. 186, Temple Street.

Mr. Lay Kean-seung, student, residing at No. 193, Des Voeux Central, and Miss Pang Kong-sum, of No. 61, Chun Yung Street.

Mr. Hoh Ka-hoi, teacher at Nippon Middle School, and Miss Chiu Yuen, residing at No. 23, South Lane.

The second general meeting of the Sino-British Cultural Association will be held at the Fung Ping Shan Chinese Library, University of Hongkong, on Friday, Nov. 24, at 5.30 p.m. when Dr. G. A. C. Heriot, Ph.D., M.Sc., F.L.S., Reader in Biology, University of Hongkong, will give an illustrated lecture on "China's Contribution To Gardens."

Green Island Cement Co. Bring Action For Alleged Trade Mark Infringement

Hearing was commenced at the Kowloon Court yesterday of an action brought by the Green Island Cement Company against Jolop and Company and against Udoomal and Assa-doomal Company, the charge being that the defendants were in possession of bags of cement at the Oriental Tobacco Company Godown in Nathan Road to falsely attached.

The case is being heard by Mr. Q. A. A. Macfadyen. Mr. O. E. C. Marton is appearing for the prosecution and Mr. F. G. Nigel for the defence.

It is charged that on Oct. 16, a metal seal. The bags stored on a visit to the Godown, when were not broken. On the godown on the right side of the alleyway, witness Wynter-Blyth of Deacons, Mr. J. M. Hood, an office assistant of the Green Island Cement Company, found in "B" Godown of the Oriental Tobacco Company, this godown being rented by one of the defendant companies. 178 bags of cement, other than Green Island Cement, in bags bearing the Green Island label.

There were coolies engaged in putting the loose cement from the doorway into small plain gunny bags and weighing them. The first impression he got, witness said, when he saw the bags stored in the other godown was that they were ready there for someone to buy.

Further evidence was given by Mr. J. M. d'Almada, accountant at the Oriental Tobacco Factory, and by Mr. F. F. Harris, analyst after which hearing was adjourned to today.

COMPRADORE CALLED
The first witness called was Mr. Fung Kwok-wai, compradore of the Green Island Cement Company, who stated that on Oct. 4 he sent two assistants, Fung Chak-lau and Mak Chang, to Joseph and Company, to state that they intended to buy a few thousand bags of cement for Macao.

His two assistants, witness stated, managed to obtain a sample bag of cement, which was delivered to them on payment of \$1.55 at the Oriental Tobacco Company Godown. The receipt for the money paid was obtained at the office of Jolop and Company, where he had been referred by Joseph and Company.

Fung Chak-lau, the next witness, stated that on Oct. 4, acting on instructions given him by the first witness, he had gone with Mak Chan to Joseph and Company, where he saw two men, Mr. Joseph and Mr. Lopes, to whom he spoke about buying from them 2,000 to 3,000 bags of cement.

Also on the instructions of first witness, he had introduced Mak Chan as the intending buyer and himself as interpreter. He was referred to Jolop and Co., Marina House, for a delivery order, and on the afternoon of the same day he had gone there and obtained such an order.

SAMPLE BAG BOUGHT
Later he went personally to the Godown in Nathan Road to receive a sample bag of cement for which he paid \$1.55. The purchase price agreed upon was in the region of \$1.45 a bag, but the store-keeper would not permit him to take out a single bag for that sum.

On cross-examination by Mr. Nigel, witness agreed that he was offered as sample one or two pounds of the cement free, but he had instructions from first witness to obtain a full bag so that first witness could "get a good look at it."

Questioned further by Mr. Nigel, witness said that in order to obtain a bag of the cement, he had to invent the story of packing the bags in junks to Macao, on Friday, November 17. Mr. Art He was anxious to get the delivery order for the bag of cement as he did not want to displease first witness, who was his employer.

He had waited at Jolop and Co., until 4 p.m. for the delivery order, but he would not agree that the Company had tried to put off handing over to him the receipt until the next day.

Mak Chan, the next witness, said he was a clerk to the compradore of the Green Island Cement Company. He had accompanied the last witness to the office of Joseph and Co. where first witness had instructed him to discuss the buying of 2,000 to 3,000 bags of cement for Swatow. The last witness had acted as his interpreter.

Questioned by Mr. Nigel, witness stated he was not quite sure if the price asked per bag was \$1.45 or \$1.52. He was not quite certain about the price.

SAW STACKED BAGS
Mr. J. M. Hood, the next witness, said that on his visit to the Oriental Tobacco Company Godown on Oct. 16, as he went up the passage into the godown, he saw in the second door to the left some Green Island Cement bags stacked. There appeared to be also some paper bags, some other type gunny bags, and some Green Island bags.

He had counted 125 Green Island Cement Company bags, packed in a triple row to the bottom of the right doorway against the wall. He was told later by Sgt. Baldwin that there were 178 Green Island bags there.

Hague Peace Appeal

CONSIDERATION BY BRITAIN

LONDON, Nov. 9 (Reuter).—In the House of Commons yesterday, Major C. R. Attlee, Leader of the Labour Opposition, asked Mr. Chamberlain if he had any statement to make in regard to the communication from King Leopold and Queen Wilhelmina.

The Prime Minister stated: The communication is receiving the careful consideration of His Majesty's Government. I am not in a position to make any statement upon it today.

Mr. Chamberlain's statement was received with cries of "Hear! Hear!"

U.S. NOT APPROACHED

WASHINGTON, Nov. 9 (Reuter).—Mr. Cordell Hull, U.S. Secretary of State stated that the Belgian and Dutch Governments had not made a direct communication to the United States regarding their joint peace appeal nor was the United States requested to collaborate and participate in the effort to end the war.

CANADIAN CHINESE CLUB DINNER DANCE

The Canadian Chinese Club is beginning its social season with their 5th annual dinner dance at the Peninsula Hotel Roof Garden on Friday, November 17. Mr. Art He was anxious to get the delivery order for the bag of cement as he did not want to displease first witness, who was his employer.

The proceeds of this dance will go to the aid of charities. Special launch for the convenience of Hongkong guests will leave Kowloon at 2.30 a.m.

POST OFFICE GUIDE

A creditable achievement is the new Post Office Guide (1939) published by the Postal Department.

Containing exhaustive information on all matters of postal interest, this latest issue incorporates all the manifold modifications and changes that have been made in the usual procedure since the outbreak of the war.

The enterprise and industry of the officials concerned, in so promptly providing the public with an exhaustive and up-to-date reference on these matters deserves the highest commendation.

The Guide is well printed in clear, readable type and attractively bound. It was produced in the works of the Hongkong Daily Press.

The Wuhan Songsters netted \$3,300,000 during their nine-month tour in British Malaya, according to word received in Chungking. One month of performances in Malacca yielded \$350,000; in Johore, \$450,000 while during their three weeks' stay in Negri Sembilan they collected \$400,000.

REAL BEGINNING OF WAR IN TEN DAYS' TIME: GERMAN PLANS FOR A VAST WESTERN FRONT OFFENSIVE

STOCKHOLM, NOV. 9 (REUTER'S SPECIAL WAR SERVICE)—THE RIGA CORRESPONDENT OF THE AFONBLAET LEARNS FROM SOURCES STATED TO BE INVARIABLY WELL-INFORMED ON RUSSIAN MATTERS, THAT MOSCOW HAS BEEN INFORMED THAT THE GERMAN PLANS INTEND TO MAKE VAST ATTACKS ON THE WHOLE WESTERN FRONT, COMBINED WITH AN AIR ATTACK ON BRITAIN ON AN UNPRECEDENTED SCALE.

The correspondent stated that the decision is understood to have been taken long ago, but its execution was postponed.

Moscow and Rome have now been informed that a start will take place in ten days time.

Moscow is dubious of the results and is believed to have warned Germany of the danger of failure, but Berlin is unlikely to abandon a plan which, it is considered, will mark the real beginning of the war.

COPENHAGEN, Nov. 9 (Reuter's Special War Service)—According to the Berlin correspondent of the Politiken, German soldiers of every category and Air Force officers, who were granted leave after service in Poland, have been recalled by telegram.

Vituperative Attack On Britain By Herr Hitler

MUNICH, Nov. 9 (Reuter)—In characteristically vehement terms, Herr Hitler last night gave what amounts to an answer to The Hague peace appeal, by declaring that he had given Field Marshal von Goering orders to prepare for a five years' war.

Herr Hitler spoke in the famous beer cellar itself. He started in a fatigued, hesitating voice.

He referred to "the terrible catastrophe" of the last war, but "our enemies then had only a weak Government in Germany to face."

After a vituperative attack on Britain and a sarcastic reference to Britain's war aims that "Britain is fighting to free the German people from militarism to such an extent that it will be unnecessary for Germany to carry arms and thus make her liberation complete," the Chancellor said:

"British Ministers declare that they will be glad to come to an agreement if they could trust the words of the German Government. 'I could say exactly the same myself,' pursued Herr Hitler and proceeded to accuse Britain of breaking pledges made during the last war, in consequence of which Germany was harmed only to be deceived."

MORE BOMBAST
Today Germany's Army was unequalled and was backed by a people of compact unity, unparalleled in history.

"If Britain started granting her own Empire full liberty by restoring freedom to India. We should have bowed before."

In conclusion Herr Hitler declared that there would be one victor of this war and that would be Germany.

British Mission Hospitals Forced To Close In Occupied Areas Of North China

LONDON, Nov. 9 (Reuter)—An account of a newspaper campaign in favour of a revision of the Treaty of Trianon and negotiations with Herr Hitler, the ex-Crown Prince and others, was given in the hearing which began yesterday in a High Court action by Princess Stefanie Hohenlohe for damages, for breach of contract against Viscount Rothermere, proprietor of the Daily Mail and other papers.

Mr. Gilbert Beyfus, counsel for the Princess, stated that the action was brought primarily to vindicate the Princess' reputation and to expose the falsity of certain libels in the French, German and Viennese press.

MET SOCIALLY

The Princess first met Viscount Rothermere socially about 13 years ago. One day she suggested he should start a campaign to inform the British public of Hungary's wrongs.

Viscount Rothermere accepted the suggestion and, in June, 1927, an article appeared in the Daily Mail entitled "Hungary's Place in the Sun," which became so famous in Hungary that its anniversary had been celebrated ever since.

Mr. Beyfus declared that Viscount Rothermere became known as the "Little Father of Hungary" and that nearly every town in Hungary, including the capital, had an avenue, square or park named after Viscount Rothermere.

ALLEGED PROPOSAL
In 1932, Viscount Rothermere proposed that the Princess should

become his personal foreign political representative, saying that he had decided to work for the restoration of the Hohenzollern and Hapsburg Dynasties and offered her £5,000 and expenses.

PAID £46,000
During the 54 years, Viscount Rothermere had paid the Princess £46,000. At the end of 1936 she secured from Herr Hitler an invitation for Viscount Rothermere to go to Berchtesgaden and she escorted him there.

At the time of the coronation, the Princess introduced Viscount Rothermere to Capt. Wiedmann, Personal Adjutant to Herr Hitler. Viscount Rothermere in January, 1938, sent the Princess to Berlin to see Herr Hitler about a certain Hungarian matter and to discuss with him the question of the return of colonies to Germany. She carried out these instructions.

Some months later, Mr. Beyfus alleged, Viscount Rothermere dropped the Princess without a single word, upon which she began legal proceedings.

The Princess gave evidence to support Mr. Beyfus' statement. The hearing will be continued today.

GANDHI AND VICEROY'S BROADCAST

NEW DELHI, Nov. 9 (Reuter)—Mahatma Gandhi, commenting on the Viceroy's broadcast, said: "No solution could be found until British aims about India are clearly made. The formula to protect the minorities in India should be worked out by Congress."

He added: "There will be no civil disobedience so long as the Viceroy continues to explore avenues for a solution of the problem."

Evidence Of Nazi Plot In S. Africa

CAPE TOWN, Nov. 9 (Reuter)—The South African Government declared that it has incontrovertible evidence of a Nazi plot in South Africa and proof that Nazi organisations there had connection with the German Minister and Staff. The plot includes arming of Nazi sympathisers and sabotage work.

NEGOTIATIONS RESUME

MOSCOW, Nov. 9 (Reuter)—The Finnish-Russo negotiations will resume today. The conviction is growing that a peaceful solution will be found.

NEUTRALITY PATROLS

OVER 80 SHIPS ON EAST COAST OF AMERICA

WASHINGTON, Nov. 9 (Reuter)—The United States Navy has ordered two more world-war destroyers to join the Atlantic neutrality patrol, raising to over eighty the number of warcraft guarding the East Coast.

Preparations have also proceeded to speed the construction of hangars and other aircraft facilities at nine points on the East Coast and the Caribbean, where planes will be based to reinforce the patrol from the air.

SINKING OF THE ROYAL OAK AT SCAPA FLOW: LESSON BY THE ADMIRALTY

LONDON, Nov. 9 (Reuter)—Further details of the loss of the Royal Oak at Scapa Flow were given in the House of Commons by Mr. Winston Churchill, First Lord of the Admiralty, when he delivered another statement on the war at sea yesterday.

He said that it was now established that the Royal Oak was sunk by a German U-Boat which penetrated the defences of the land-locked anchorage off Scapa Flow.

Neither the physical obstructions, such as nets, nor the patrolling craft, were in that state of strength and efficiency required to make the anchorage absolutely foolproof as it should have been against the attack of a U-Boat on the surface or half-submerged at high water.

VARIETY OF CAUSES

Measures had been taken and were being taken, to improve the physical obstructions and it was more necessary while those defences were incomplete, that patrolling craft should have been particularly numerous.

But from a variety of causes connected with the movements of the Fleet, those patrolling craft had been reduced to below what was required.

He was unable to enter into details, for full explanation would reveal to the enemy methods which would throw light upon their system of defence.

UNDUE RISK

"I must content myself by saying that the long and famed immunity which Scapa Flow had gained in the last war had led to too easy a valuation of the dangers which are present. An undue degree of risk has been accepted both by the Admiralty

and by the Fleet," said Mr. Churchill.

"No more striking measures of the strong sense of security against U-Boats which covered Scapa Flow can be found. In fact, after one torpedo had struck the Royal Oak, none of the vigilant and experienced officers conceived that it could be a torpedo.

"It would seem that, judged upon a material basis alone, we may face the future with confidence. We are exposed to a form of attack justly considered abominable, but we are making successful headway against it."

"It must be the House again that continual losses must be expected. No immunity can be guaranteed at any time."

SURFACE RAIDERS

In addition to the U-Boat attack, we have to face the menace of the surface raider. It is certain that one, possibly two, so-called pocket-battleships have been put on the Atlantic trade routes during the last six weeks, but what is remarkable is that, although these powerful vessels had been lying in wait, a stream of convoys have been crossing the Atlantic and they have not been able, or have not dared so far, to make any capture worth considering. An aggregate of 10,000 tons were sunk so far compared to 212,000 tons by U-Boats."

Mr. Churchill struck a note of warning because an element of risk was never absent. However, hitherto not only had the U-Boat campaign been controlled, but also attack by surface raiders, both by warships or armed merchantmen, had not developed in any serious way.

Mr. Churchill spoke of the remarkable contribution of the French Navy and said that it seemed a wonderful thing that when France was making so great an effort upon land she should at the same time, offer to the Allied cause so powerful a reinforcement upon the sea.

Concluding, Mr. Churchill said that he felt, after the ninth week of the war, that as far as the seas were concerned, they might cherish the good hopes that all would be well.

TANKERS FOR PANAMA

NEW YORK, Nov. 9 (Reuter)—The Standard Oil Company of New Jersey have transferred six of their tankers to the Panama flag. Nine more tankers will be similarly transferred.

Approval for the transfers had been granted by the Maritime Commission before the Neutrality Bill was passed.

WANG CHING-WEI

SHANGHAI, Nov. 9 (Reuter)—It is reported here that Wang Ching-wei is leaving within the week for Tientsin, it is alleged, to see the "northerners" regarding the formation of the new government.

It is reliably learned that Wang Ching-wei intended leaving yesterday but postponed his trip.

British Submarine Disaster

LONDON, Nov. 9 (Reuter)—The Admiralty announced that 53 lives were lost in the submarine Oxydis disaster. The submarine was built for the Royal Australian Navy in 1928 and five years later was presented to the British Navy by the Commonwealth.

PREMIER'S SPEECH

Continued from Page 1

"The Anglo-Franco-Turkish Treaty must be a powerful instrument for peace in south-eastern Europe. On the other hand the Russo-German Pact had gained advantages for the Soviet but only humiliation and loss to Germany," said Sir John.

MOMENTOUS EVENT

"The repeal of the Neutrality Act is a momentous event, reopening for the Allies doors to the greatest storehouse of supplies in the world."

"The efficiency of all three services have already been proved to be such so as to inspire confidence in their ability to meet any task given them in the future."

Dealing with home defence, Sir John Simon, said that they were well aware of the disadvantages and dangers of blackouts and the inconvenience and distress caused by moving hundreds of children into the country but the experience of the last war showed the importance of starting with an effective machine instead of proceeding by trial and error.

NEW FACTORS

"The problems at the home front are not very dissimilar from those they had to meet in the Great War but there are important new factors. There is the same need for relentless economic pressure on the enemy and the same necessity to secure imports essential to our own needs, and the armed forces already mobilised are huge and will eventually equal, if not surpass, those of the last war."

"But the result of mechanisation and the task of equipping them has become vastly more expensive and complicated."

"All that extra expense, in its turn, raised new problems in the field of foreign exchange. It is not surprising that it is found necessary to impose a large measure of control over manufacture and supply, including some restrictions on exports. In order to conserve articles Britain cannot do without and prevent goods that the enemy wants from falling into his hands."

"Compare our smooth transition from peace to war finance with what happened in 1914 when moratoria were in force for months whereas this time, owing to careful preparations, one bank holiday was sufficient."

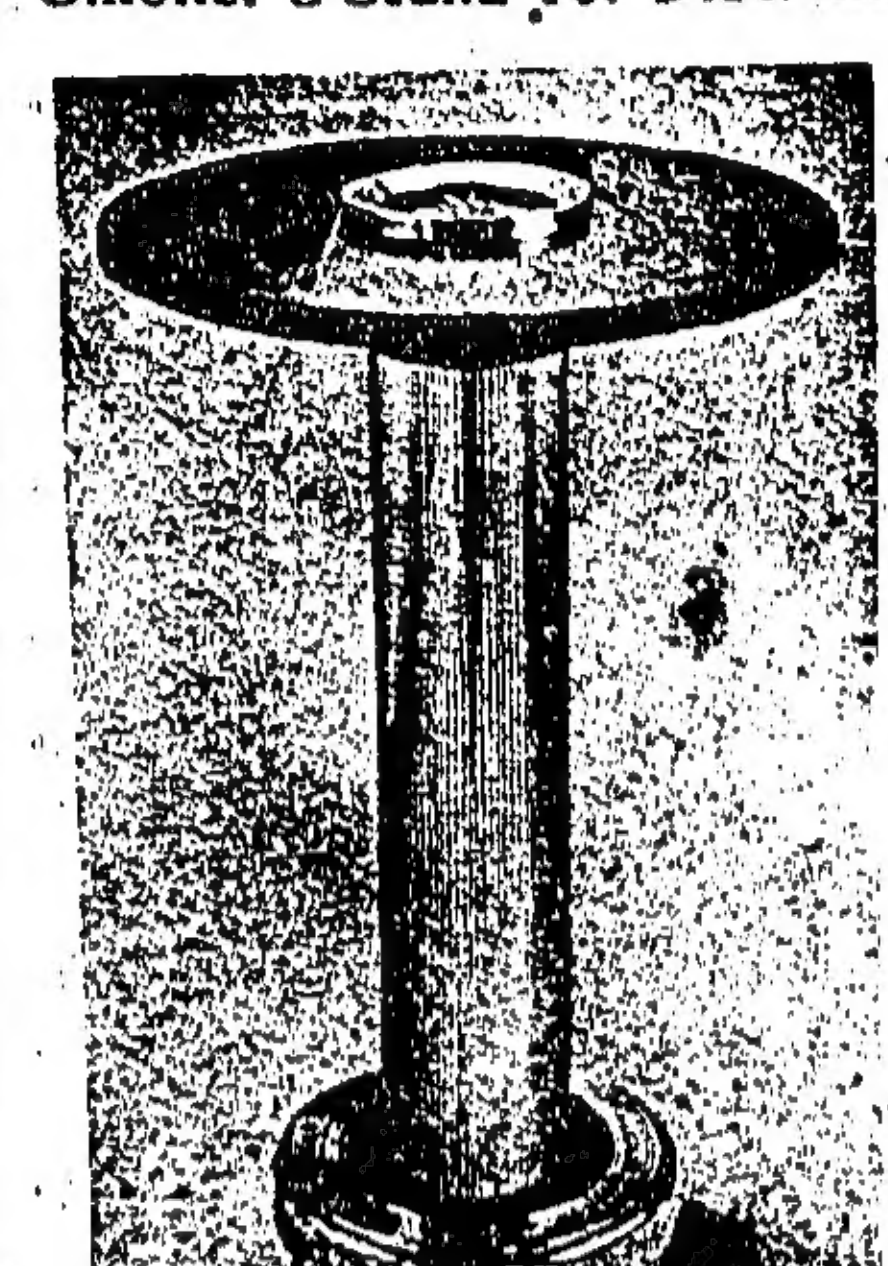
CHURCHILL TO BROADCAST

LONDON, Nov. 9 (Reuter)—Mr. Winston Churchill will broadcast on the Home and Overseas programmes at 8.15 p.m. (G.M.T.) on Nov. 12 on "Ten Weeks of the War."

The talk will be recorded for overseas transmission on Nov. 13 at 1 a.m., 8.15 a.m., and noon.

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LTD.

CHINESE IN ENCIRCLING MOVE IN NORTH HUPEH

TSOYANG, HUPEH, Nov. 9 (Central)—Interviewed yesterday, a Chinese staff officer said that Chinese troops are engaged in a wide encircling movement against Suhsien in North Hupeh.

Appreciable progress, according to the staff officer, has been made. Many strategic points to the southeast of Suhsien, including Tatienshan, Siatienhsan, and Lotien have been recaptured. The highway between Tushan and Maping has been cut. Tushan is under a Chinese siege.

AN UNDISCLOSED PLACE, NORTH KIANGSU, Nov. 9 (Central)—After being under Japanese occupation for more than a year, Shaopo, important town on the Grand Canal northeast of Yangchow, in North Kiangsu, was recaptured by Chinese units last Sunday.

The capture followed a vigorous night-long attack. The Japanese were dislodged and retreated towards Yangchow. Shenmiao, south-east of Shaopo, is surrounded by the Chinese. Another Chinese force, smashed into Kaoyi, north of Shaopo, on Monday and engaged in street fighting with the Japanese.

CHINESE ATTACK

YUNGYUN, KWANGTUNG, Nov. 9 (Central)—Japanese troops occupying Tungkin, East River town, about 45 miles south-east of Canton, were subjected to a Chinese attack on November 2. A Japanese officer and many privates were killed in action.

JAPANESE DRIVE
CHENGCHOW, Nov. 9 (Central)

HINGTSEI, SHENSI, Nov. 9 (Central)—A Japanese contingent of about 200 men moving towards Sianjing, in West Shensi, was intercepted by Chinese units in ambush.

The Japanese were beaten and a part of them fleeing towards Sankwan nearby were completely wiped out.

May's
HONG KONG SHOPPE

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MODEL EVENING GOWNS.

GIRDLES MADE TO ORDER

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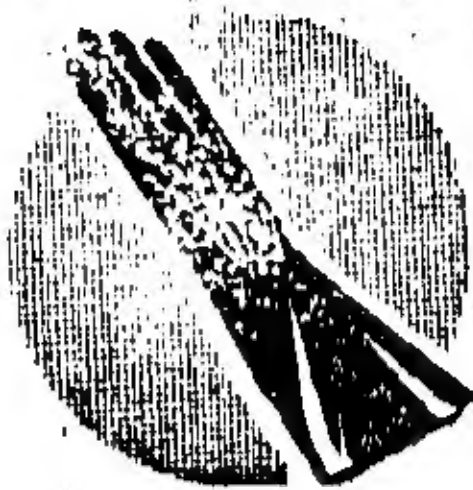
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GLOVES.



RIVELLE

Tel. 33186.

Gloucester Arcade

CONFIDE IN FAITH
PRIOR

TOO STOUT—Apologises for writing regarding her ailments; however, due to financial circumstances she does not feel she can afford to consult a doctor and asks for a diet. She is getting quite plump; likes sweets, three meals a day, but does not touch alcohol in any form. How to reduce?

IF YOU HAVE increased weight a great deal in the past six months, I should advise seeing a physician. You do not want to experiment or play with your health. It is one thing money cannot buy in this world. However, try reducing your portions at meals. Stop eating bread, cut your luncheon to a clear soup, dry toast and vegetables, with fruit instead of sweets. Try a small amount of exercise and cut down on the sweets but not entirely—sugar provides energy. One well known doctor termed chocolate cake as "a confection that is two minutes in the mouth, one hour in the stomach, a lifetime on the hips!" But he does not recommend abstinence from sweets.

ENTERTAINMENT PROBLEM

ENTRECHING IS a young man of 27 years-old and single. Due to the war conditions and the increase in prices of various activities he finds that his income cannot afford many of the past social pleasures. What is the answer to his entertainment problem, now—does he have to stay home and read a book 28 days of the month?

IT SOUNDS AS if you had a grudge against the world. Are you trying to say that you cannot have an enjoyable time socially without spending a great deal of money? Have you ever tried bridge in the evenings, or having the young lady give a kitchen party, each guest supplying a small share? The weather is ideal for picnics. What about bicycle parties; have you ever tried attending lectures, debates etc., by English and Chinese students on present day problems here and in Europe, they are highly interesting? There are many means of spending your social hours without it costing you 15 to 50 dollars an evening. And too, if you go on the water-wagon for six months, it won't hurt your system.

ETIQUETTE

BUSINESS HAS a social problem. She wishes to entertain from 6 to 8 p.m. with a cocktail party. In the past, when she has given such parties, her guests did not seem to know when to leave and were still in her home at 10 p.m. How can a hostess get rid of cocktail guests in a reasonable time?

THIS IS A BAD error of etiquette which many people are guilty of today and it is definitely uncalled for. Be sure your invitations, written or verbal, stress the hours. Then allow for so many cocktails or refreshments, and when nearing 8 p.m., the end of your party, commence to cut down on replenishments of beverages. You should do this charmingly, courteously and subtly if you watch your servants. Let the conversation lag a little and do not be over-solicitous regarding your guests' desires. But be very careful not to offend. If your guests suggest their departure and do not move, sweetly inquire if you should call a taxi and escort them to their wraps, don't allow them to hesitate. You must be smart and clever to get away with it!

THEN SMASH IT!

DEAR FAITH PRIOR: I have been married two years, several times during the year my husband is out of town; however, he always suggests that I go out socially even if he is not here. There has been an older man, a friend of my husband's, who has been very nice to me, particularly when I have been alone. But now it has gone too far, he is beginning to make suggestions which are uncalled for and is at times most annoying in his attentions. How can I put an end to these actions without offense or friction between us. Disgusted.

DEAR DISGUSTED: You can always discourage a man and in a very nice way. First of all do not go out again with this man unless your husband is there. If he persists in his attentions some time when you two happen to be alone, inform him, in a laughing, but serious way that if he does not be careful you might decide to divorce your husband and marry him. Build his ego up to a height and then smash it with a final and sarcastic remark; several of these conversation battles and he will commence to leave you alone. However, watch your own deportment and do not give him one chance to hate; an innings of his own. Always be friendly and gracious, but reserved. For your husband's sake. And in the future remember one thing—a woman always has the whip hand in this sort of encounter, though many of them do not realize it and don't know how to make use of their advantage.

(A young sub-editor said, "Boys will be boys".)

(Each week in this column FAITH PRIOR answers questions of a personal nature submitted by readers of the Daily Press.)

NECESSITY IS THE MOTHER OF INVENTION

Budgetting For Seasonal Costuming

Young Ladies' particularly young business women, ladies with a moderate income and young ladies whose budget allows very little for seasonal costuming. Pay heed! There are tricks in every trade, and the costuming one has ways inexpensive and saving but you must be ingenious.

Now, take a look at the wardrobe, cast off the last year's models that are beyond redemption and get to work on the other styles. Consider the new winter's lines of cut and the items called accessories. There are many ways and means of rejuvenating last year's suits, frocks and evening gowns.

What about last winter's wool frock of a solid shade? Plaster a mass of fake jewellery, coral and pearls are very good this year and inexpensive. Maybe you can change the buttons, try and find or make to order the new buttons of silvery bullion balls, very swank. Maybe the belt can be changed.

TOP COLOUR:

Remember gold is top colour this year and mix it with black. For instance on last winter's black velvet use a chunky necklace of gold-metal beads. Black suede belts with gold buckle or outline will do wonders for last year's black wool frock.

Speaking of belts—they are important, the new styles can make a frock and no one can guess the expense. Black suede belts having gilt stars—Black antelope with gilt bows—Black suede scrolled with red suede, many of the new styles will highlight your "background dress."

INEXPENSIVE:

An inexpensive and new winter costume which you can demand from your tailor is a braided jacket and a skirt both of black wool; makes a distinguished outfit; fashionable for afternoon and early evening.

Secure several yards of really good braid which will give a new and expensive look to a plain suit. To liven up last year's two piece suit invest in silk cord with tassels and drape it from the pocket to the shoulder. Use a good-looking big gold pin to fasten the plain end.

Red braid on black or green looped in a design about the neck and down the front of the costume is most striking and new. Try braid frogs on last year's suit removing the buttons.

VERY CHIC:

For evening a bengaline hand-bag looped over the closing a double frog of braid, very chic and different.

Continue the jacketskirt combination on into your night-life. A long, cigarette-slim skirt of tuchala velvet topped off with an Etan jacket of the same velvet—bound with gold braid. Wear each with other skirts, jackets and blouses. And if your figure is near

perfect the tight fitting jackets and tunics of evening will suit you.

Forget that suit you adore 'is two years old and concentrate on a new blouse and gadget for the neckline or lapel.

Grandmother always remarked, "If you cannot have good furs and laces don't waste your money on poor quality or imitation." Therefore, invest in a snooded pill-box bonnet and a huge, square muff of heavy black looped yard! And for added sparkle, pin a jewel on the muff. The set will surprise you greatly. It is quite good-looking.

RODIER SCARFS:

Try using the lovely 'Rodier' scarfs that you can tailor into a blouse. It will revive a suit or skirt of aged vintage.

With your own lily-white hands sew small pearls around the neck and cuffs of your last year's velvet frock. It will take on a new look!

Complete your evening costume with gloves made of the same wool or velvet as your wrap and trimmed with fur, perhaps.

You, every one of the ladies who have nothing to wear and the where-with-all to invest in a new wardrobe this year, can be entirely different in your attire and costume outfit using last season's frocks, suits, etc. as a background with new decorations, trimmings, and novel treatments of cut and tailoring in last year's clothes. It takes brains and fore-thought—but necessity is the mother of invention plus dash and smartness.

HAT FASHIONS FOR THE PERFECT WEEK END



Ann Rutherford chooses a grey felt to match her pebble crepe dress of the same shade. Veils of pink and brown velvet ribbon cluster at the back and hold the hat on with ribbons tying under her curls.

UTILITY AND CHARM



WOOL GEORGETTE in fushia-red, richly embroidered with gold sequins in a flower design is used in the first gown. Sea-shell trimmings at the neck and wrists is a charming feature of the middle one, carried out in heavy black woollen material. The third gown is of black velvet, buttoning to the knees, with a flower posy at neck and wrist.

Round The Shops

It is quite obvious that the general public will not be spending this year the same as last. Everyone, is pulling in their purse-strings a little more and are cutting down in their budgeting for wardrobes and Christmas expenses.

Considering this, condition you should shop more carefully for the few items you do purchase, get value and smartness for the money you spend.

CAMEL HAIR:

Every winter season this particular handsome material holds its own place in the fashion wardrobe. This year the grey and natural camel's hair is very popular. When shopping this material don't forget LANE, CRAWFORD. In this shop, full and three-quarter length coats are displayed with raglan sleeves and beautiful tailoring.

The combination of camel's hair and wool, also alpaca are most stunning and smart. But, everyone knows Jaeger's garments and these coats are outstanding examples of their well known and popular models.

LATEST ARRIVALS:

When the American steamer arrives in port today there will be a consignment of the latest creations in winter millinery, for REME, in the Asia Life Insurance building, second floor.

Sport, semi-dress and tailored, and dress models will be included in these new hats. Of course, knowing the buyer's keen eye and instinct there will not be two designs alike and each of them will be unusual and novel creations of headgear. Again, don't overlook the remodelling work carried on in this establishment; you will not recognize last year's felt in the new styling and trick accessory.

VELVET WRAPS:

RIVELLE'S, in the Arcade, for your evening wrap. The new velvets in wine shade, black and white are lovely creations which will blend with your evening gowns of many colours and designs. The velvet wraps this year are very popular and, if you wish to be sophisticated in one colour scheme, you can select a white velvet model and have it dyed to match your gown.

A new selection of kid gloves are on display here. Lovely soft kids, a few styles being the suede and kid combination.

If you are in search of a blouse for your new winter suit the satin and crepe blouses are in this shop. Well tailored and cut they will definitely please you in value and prices.

THE CORSETIERE:

Fashion periodicals and experts have been shouting and writing during the past two months that "you must have a definite figure for this season's styles." They mean the small waist and those curves at hip and bust. One shop in town, MAYOS, in the Arcade, has realized this fact from the models for winter, and has, therefore, had the fore sight and engaged a "corsetiere" who can give expert advice and order foundation garments to suit your particular type of figure. This service is indeed a luxury and has been a great necessity here.

When you shop for this new feature don't neglect to review the new evening gowns lately received from America. The styles vary from the slim silhouette to the full-skirted and arm-covered models, which are very new.

GREY TONE BIDS FOR FAME

STORM SHADES the dusty blues, scarlets, reds, and greens are fashion's favourites for this winter's colour chart. And now grey tones are being pushed into the storm-warning colours.

This particular seemingly dull colour is carried out in the costume by combination. For instance, pill-box hat and gloves of grey.

A grey silk crepe frock highlighted by silver fox scarf in the afternoon.

Two tone grey wool suit which is made very flashing by black Persian lamb trimmings—say a hat and jacket collar in this luxurious and tailored fur.

For sport attire a grey,

SELECTION

IN

JAEGER COATS

PURE CAMEL HAIR

WOOL AND CAMEL HAIR

&

ALPACA—

FULL LENGTHS

&

THREE-QUARTER LENGTHS

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A SUPERFINE WOOL
A WELLA HOUSE PRODUCT
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Measures: China Emporium, Karamally & Co., Mayfair & Co., Kite Styles, Sincere & Co., Shui Hing Co., Sun Co., Ltd., Tyeb & Co., Whiteway, Laidlaw & Co., Wing On Co.

KOWLOON

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Wise women knit to fit with 'Ramada'. An exceptionally soft and kind wool, with wonderful wearing qualities and colours that are absolutely fast to sun and washing. The colours never vary and you can match up any shade of 'Ramada' wool at any time.

**YES! It washes.....
NO! It never shrinks...**

Wm. Hollins & Co., Ltd., Vignella House, Nottingham, England.

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white and black striped tweed jacket worn with a grey skirt will be unusual and striking. Evening wear includes grey deftly used and combined. Light and dark shades of grey in a silk crepe will be very extreme fashion when worn by the correct person and if particular attention is paid to the jewel accessories.

Grey is a storm colour and deserves a place in the present colour scheme. It is not a shade allowed only for elderly people. Grey can be warm or cold and it can be used with dash or turn out a complete "hop." Therefore, be unusual and make use of the greys this winter but be very, very careful.

Finance and Commerce

BRITISH I.P.C. DECLARES PEACE AIMS

HONGKONG, Nov. 9 (Central).—There should be no bribes at the expense of others such as the secret Treaties of 1915. China should be given effective support against aggression.

So declared the British National Committee of the International Peace Campaign in a statement on peace aims issued to the British people.

FULL SHARE

Believing that a peaceful order is impossible in a world of absolute sovereign states, wherein each claims freedom to use war as an instrument of its national policy, the Committee urges upon Britain and all other countries that they must learn to accept even more far-reaching curtailments of national sovereignty than those of the Covenant, accept a full share of the collective responsibility for preventing and stopping aggression, and therefore accept a system of international government capable of growth on economic as well as on political lines.

The International Peace Campaign may now have a more important task than ever before in giving leadership and cohesion to the movement for achieving world order," the Committee observed.

India Rupee Paper

Bombay, Nov. 8 (Reuters). Govt 3½% Rupee, 86-06-0.

H. K. STOCK EXCHANGE

Conditions were abnormally quiet today. One explanation may be parties interested in the market either way are waiting the outcome of the Budget speeches at today's meeting of the Legislative Council.

BUYERS

H.K. Bank, \$1335.
Bank of East Asia, \$71.
Union Ins., \$395.
Douglases \$70.
Docks, \$181.
Providents, \$405.
Realities, \$41.
Yau-mat Ferry, \$221.
Dairy Farms (O), \$193.
Entertainments, \$6.

SELLERS

H.K. Bank, \$1350.
Cements, \$151.
H.K. Govt. 3½% Loan, \$7.
Dairy Farms (O), \$20.
SALES
H.K. Bank, \$1345/50.
Union Ins., \$395/400.
Cements, \$151/10.

MANILA GOLD SHARES

Antamoks 15½s, Atoks 18s, Bagulo Gold, 18½s, Batong Buhay 013s, Benguet Consol. 10.80c, Big Wedge 23s, Coco Grove 19s, Consol. Mines 003b, Demonstrations 07½s, I.X.L. 39½s, Ipo Gold 15s, Itogons 24s, Masbates 09½s, Mine Operations 06½s, North Camarines 15½s, Paracale Gummaus 17½s, San Mauricio 75s, Surigao Consol. 19½s, Suyoc Consol. 13½s, Syndicate Inv., 02b, United Paracale 31½s.

MONEY AND EXCHANGE

CLOSING QUOTATIONS

NOVEMBER 9, 1939

On London:—
Telegraphic Transfer, 1/2 7/8
Bank Bills, on demand 1/2 7/8
Credits 4 months' sight 1/3 1/4
On Shanghai:—
On demand 3/0
On Singapore:—
On demand 2 3/4
On Japan:—
On demand 1/2 3/4
On India:—
Telegraphic Transfer, 1/2 3/8
and demand 1/2 3/8
On New York:—
Bank Bills, on demand 24 3/16
Credits, 60 days' sight 25
On Batavia:—
On demand 44 7/8
On Paris:—
Bank Bills, on demand 1/90
Credits 4 months' sight 1/45
On Saigon:—
On demand 1/8
On Manila:—
On demand 48 3/8
On Bangkok:—
On demand 149 1/2
Sterling Notes:—
Bank Buying Rate 1/37/8
Bar Silver per oz 23 1/2

Market Report

FROM ROZA BROS.

The price for Ready Silver rose 1/16 yesterday to 23 1/2 but the forward rate dropped 3/16 to 23 5/16. Silver advice reported Speculators as having bought. The market was steady. The market closed dull with sellers at 1/16 under the quoted rate. American Silver was quoted at 34 3/4 for Spot.
The London/New York cross-rate was quoted at 402. New York/London was quoted at 391.

Market

Some business was reported at 1/3 Nov. There were sellers at 1/3 Nov. and 1/231/32 Dec./Jan., buyers at 1/31/32 Cash and 1/3 Dec.

U.S. Dollars

Sellers at 24 7/16 Cash and 23 3/8 Nov., a small buyer at 24 1/2 and 24 7/16 Dec.

Shanghai Dollars

There were sellers at the opening at 286 for Spot. Subsequently the rate rose to 298. Business was done at various rates and at the close at 1 p.m. sellers were quoted at 293, buyers at 296.

Shanghai Market

Sterling at 53/32 and U.S. Dollars at 85/16. Both currencies weakened. Sterling right down to 42/32 and U.S. Dollars 77/8 but at this stage the market reacted and at closing time Sterling was obtainable at 5d. and U.S. Dollars at 81/8 for Spot. The tone was given as steady.

Afternoon Market

The market was quiet in the afternoon.

Sterling

The market closed with sellers at 1/3 Nov. and 1/231/32 Dec./Jan., buyers at 1/3. 1/32 Cash 1/3 Jan.

U.S. Dollars

The market closed with sellers at 24 7/16 Cash, 24 3/8 Nov., buyers at 24 1/2 Cash and 24 7/16 Dec.

Shanghai Dollars

Closed with sellers at 290 for Spot and buyers at 291.

Shanghai Market

Sterling opened with sellers at 5d. Towards the close sellers were reported at 5 1/16 Spot, buyers probably at 5 1/8.

Shanghai Exchange

Shanghai, Nov. 9 (Reuters). Conditions prevailing on the Shanghai Exchange Market this morning were easier, influenced by general buying.

Although few sellers appeared, with output selling orders, the demand has been heavy with, in consequence, an easy market tendency.

At present, the tone of the market is rather quieter, but the undertone points to further easiness.

Official T.T. Rates

Opening Closing
London 0/4-3/4
New York 7-11/16
Japan 32-3/4
India 28-1/4
Paris 3/48
Hongkong 31-1/2

Sellers

Spot 0/5-3/32 0/5-1/16
Nov. 0/5-3/32 0/5-1/32
Dec. 0/5-1/32 0/4-31/32

U.S. Dollars

Spot \$8-5/16 \$8-7/32
Nov. 8-9/32 8-3/16

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BOOM IN SALES: CHINESE SAVING CERTIFICATES

National Savings Certificates issued by the Chinese Postal Remittances and Savings Bank are enjoying a booming sale in Hongkong.

On the first day of their appearance in the British Colony the Shanghai Commercial and Savings Bank alone sold \$40,000 worth. The local agents are the Shanghai Commercial and Savings Bank and the Oversea-Chinese Banking Corporation.

HONGKONG SHAREBROKERS' ASSOCIATION

Volume Of Business Transacted on Thursday, Nov. 9, 1939.

Unions 20 \$395.00
Providents 1,000 4.05

SILVER MARKET

LONDON SILVER
London, Nov. 8 (Reuters). Silver—Speculators bought. Offerings small. Market steady, in the afternoon, the market was dull, with small sellers at 1/16 under the fixing, but buyers were reserved.

Spot, 23-1/2d.
Forward, 23-5/16d.

NEW YORK SILVER
New York, Nov. 8 (Reuters). Official Price, 34-3/4.

BOMBAY SILVER
Bombay, Nov. 8 (Reuters). Market—Steady. Offtake 10 bars

Indian Mint Silver
Ready 81-13
Dec. 5 Settlement 82-00
Jan. 5 Settlement 82-04

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Dec. 8-5/32 8-1/16
Market—Quiet.

Merchant Rates
Sterling, 0/5.
U.S. Dollars, 38-1/8.

Silver Duty Rate
The Central Bank of China's rate on London at 10 a.m. to-day was 1/2-1/2d. unchanged from yesterday.

The Equalisation rate was 24½ per cent.

New York Exchange
New York, Nov. 8 (Reuters). T.T. on London (Opening Rate). 394-3/4.

Calcutta Exchange
Calcutta, Nov. 8 (Reuters). T.T. on Japan. 79-3/4.

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HONGKONG SHARE QUOTATIONS

STOCK EXCHANGE SHAREBROKERS' ASSOCIATION

				THURSDAY 9. NOV.							
Buyers	Sellers	Sales	Nomin.			Buyers	Sellers	Sales	Nomin.		
Banks											
\$1330	\$1350			H.K. Banks					\$1335		
			285	Do. (Col. Reg.)					285		
			285	Do. (Lon. Reg.)					285		
			287 1/2	Chartered Banks					287 1/2		
			287 1/2	Mercantile Bks. "A"					287 1/2		
			211 1/2	Mercantile Bks. "C"					211 1/2		
\$71				Bank of East Asia					\$71		
				N. C. & S. Banks					50 cts		
Insurance											
\$200				Canton Insurance					\$200		
\$305		\$400		Union Insurance	\$ 95	\$400	\$395				
			\$175	Underwriters					\$1		
			\$175	H.K. Fire	\$170						
Shipping											
\$70				Douglases					\$70		
			\$12	Steamboats					\$12		
			\$80 1/2	Indo-Chinese (Pref.)					\$80 1/2		
			\$30	Indo-Chinese (Def.)					\$30		
			\$7 1/8	Shells					\$7 1/8		
			\$5.10	Waterboats					\$5		
Docks, Wharves, Godowns, etc.											
			\$101 1/2	H.K. & K. Wharves					\$101		
\$4.00		\$4.10		Providents					\$4		
				Providents (new)							
\$18 1/2				H.K. & W. Docks	\$18 1/2	\$18 1/2					
				Do. (new)							
			\$ 3.01	Shanghai Docks B.					\$16 1/2		
			\$14.40	New Engineering B.					\$14		
Mining											
			19/0	Kallans					19/0		
			\$ 5	Raubs					\$9 1/2		
			\$4	Venezuela Gold Fide					\$4		
		33 cts		Hong Kong Mines							
Lands, Hotels, and Buildings											
			\$4 1/2	H.K. Hotels					\$4		
\$32 1/2		\$32 1/2		H.K. Lands			\$32 1/2				
			par	Do. 49 Debenures					39 1/2		
			\$10.30	Shanghai Lands B.							
\$4 1/2				H.K. Realities					\$4		
			\$7 1/2	Humphreys					\$7		
			\$100	Chinese Estates							
Cotton Mills											
			\$23	Ewo (S.)					\$21		
			\$175	S'hai Cottons (S.)					\$16 1/2		
			\$42	Zong Sing (S.)					\$40		
			\$48 1/2	Wing On Textiles (S.)							
Public Utilities											
\$16		\$16		Tramways			\$16				
			\$7.40	Peak Trams (old)					\$7		
			\$3.70	Peak Trams (new)					\$3		
			\$31 1/2	Star Ferries					\$30 1/2		
\$32 1/2				Yantai Ferries	\$12 1/2						
				Do. (new)							
\$7.60				China Lights (O)	\$7.65						
			\$4 1/2	China Lights (New)					\$4 1/2		
				China Lights Rts.							
\$49 1/2				H.K. Electric	\$49 1/2						
			\$19	Sandakan Electric					\$19		
			\$11 1/2	Telephones (old)	\$20 1/2				\$11 1/2		
\$20 1/2			\$7.80	Telephones (new)					\$7 1/2		
			13/0	Traction (new)					13		
			13/8	Traction (pref.)							
Industrials											
			\$14	Cald. Macg. (Ord.) S.							
			\$13	Cald. Macg. (Pref.) S.							
			\$1	Canton Iron							
\$14.90		\$15 1/2		Cement			\$15				
			\$4.90	Ropes					\$4 1/2		
Miscellaneous											
\$10 1/2				Dairy Farm (Old)					\$9 1/2		
			\$10 1/2	Dairy Farm (New)					\$9 1/2		
\$8				Ch. B. Investments					\$8		
			\$1.50	Constructions (old)					\$1.50		
			\$1	Constructions (new)					\$1		
			\$7 1/2	Lane Crawford					\$7 1/2		
				Nanyang Tobacco					\$1		
			\$1.80	Sincores					\$1.80		
Watsons											
\$7.90			\$2 1/2	Ch. G. 5% 1926/6 GBds					\$7.90		
			\$100	H.K. Govt. 4% Loans	98 1/2				\$100		
				H.K. Govt. 3 1/2% Loan					96 1/2		
			\$41	H.K. Wing On					\$41		
				S'hai Wing On	\$10						
			\$8 1/2	Vibro Piling					\$8 1/2		
			4/0	Merriman Inv. (L.K.)							
			\$1	Wm. Powell					\$1		
Sales to Shanghai											

FOREIGN MARKETS & QUOTATIONS

LONDON STOCK EXCHANGE

(REUTERS SERVICE)

London, November 8.
The following quotations are the middle prices at the close of the market in London. All quotations are subject to confirmation and no responsibility is assumed for errors in transmission.

War Loan, 3½% (Red after 1952)	91 7
Canton-K'loon Rly. 5½%	117
Chinese 4½% Gold Loan, 1928 (Brit. Issue)	87
Chinese 5% Gold Bonds, 1925-47	52
Chin. 4½% Anglo-French Loan, 1908	50
Chinese 5% Crisp Loan, 1912	28
Chinese 5% Reorg. Loan, 1913 (Ldn. Is.)	42
Chinese 8% Ster. Notes, 1925 (Vickers)	13
Chin. Imperial Rly. 5½% Loan	50
Honan Rly. 5½%	15
Hukuang Rly. 5½%, 1911	17
Hukuang Rly. 5½%, 1911 (German Issue)	16
Lung Tsing & U. Hai Rly. 5½% 1913	14
S'hai-N'king Rly. 5½%	20
Tientsin-Pukow Rly. 5½% (Brit. Stpd.)	14
Tientsin-Pukow Rly. 5½% (German Stpd.)	14
Tientsin-Pukow Rly. 5½% (Brit. Stpd. Supl. Loan)	14
Tientsin-Pukow Rly. 5½% (Ger. Stpd. Supl. Loan)	14
Jap. 5% Ster. Loan, 1907	51 4
Jap. 6% Ster. Loan, 1924	59
Ger. 7% Intl. Loan, 1924	81
Chartered Bank	81
H.K. & S'hai Bank (Ldn. Reg.)	85
H.K. & S'hai Bank (Col. Reg.)	85
Chinese Eng. & Mining (bearer)	19
Chosen Corporation	5/8
Pekin Syndicate	—
S'hai Elec. Constr. Co.	13/9
S'hai Waterworks "A"	11
Union Insurance	22 1/4
Gula Kalumpung Rubber	19/4 1/2
Allied Ironfounders	15/3
Asso. & Elec. Industries	40
Austin Motors, ord.	16
Cable & Wireless, New Form, ord.	48 1/2
B.A. Tob. (bearer)	92/6
Mercantile Bank	11 1/2
Cammell Laird, ord.	8/8
Mexican Eagle	7/1 1/2
Courtaulds	30/9
Distillers	67/3
Dunlop Rubber	27/9
Gen. Electric (England)	75/6
Guinness (A) Son & Co.	84
Hawker Siddeley Airco.	16/9
Bristol Aeroplane	16/7 1/2
Imperial Chemical Ind.	30/6
Imperial Tobacco	118/9
Marks & Spencer "A" ord.	51/3
Rolla Royce	95/7 1/2
Leyland Motors	88/9
Tate & Lyle	59/3
Turner & Newall	74/4 1/2
United Steel	22/6
Smethwick Drop Forg.	13/3
Armstrong Stevens, ord.	6
Pressed Steel, com.	15/3
Vickers, ord.	17/7 1/2
Woolworths	62
Anglo-Dutch	28/7 1/2
Rub. Plant. Invest. Trust	32/9
Burma Corporation	9/7 1/2
Commonwealth Mining	—
Marsman Investments	14/9
Randfontein Estates	37/6
Western Holdings	11/8
Sub-Nigel	205
Tanami Gold Mining	3d
Anglo-Iranian	60/7 1/2
Burmah	63/9
Shell Trans. & Trad. (bearer)	87/6

STERLING WEAKENS: BELGA REACHES NEW LOW LEVEL

NEW YORK, Nov. 9 (Reuter).—Sterling continued to weaken on persistent pressure, while the belga reached a new low level in six years, due to the unconfirmed rumours that Germany might violate the neutrality of Holland and Belgium.

FRENCH REMOVE RESTRICTIONS ON CHINESE GOODS

CHUNGKING, Nov. 9 (Reuter).—The Government of French-Indo-China's decision to lift restrictions governing removal of Chinese goods from Halphong, welcomed by Chinese circles here, as "further proof of the willingness of the French and French Indo-China Governments to assist China in her war of resistance."

NEW YORK STOCK EXCHANGE

QUOTATION

NOV. 9, 1939

STOCKS	Last Sale	STOCKS	Last Sale
Adams Express	9	Kennecott Copper	39 1/2
Allegheny Steel Co.	22 1/2	Lakey Foundry & Mac.	4 1/2
Allied Stores	10 1/2	Libbey-Owens-Ford Glass	52 1/2
Allis Chalmers	41	Lockheed Aircraft	30 1/2
Aluminum Ltd.	103	Loew's Inc.	35 1/2
Amerada Corp.	—	Mack Truck Inc.	31
Amer. Can.	107	Manhattan Shirt Co.	—
American Cyanamid B.	31 1/2	Martin, Glen L.	41 1/2
Amer. & Foreign Power	24	McKesson & Robbins, pfd.	17 1/2
Amer. Gas & Elec.	37 1/2	Monsanto Chemical	106 1/2
Amer. Locomotive	25 1/2	Montgomery Ward	54 1/2
Amer. Metals Co.	25 1/2	National Aviation	13 1/2
Amer. Radiator	10 1/2	Nat. Dairy Products	16 1/2
Amer. Rolling Mill	18 1/2	Nat. Distillers	24
Amer. S'ing and R'ing Co.	53	National Gypsum	11 1/2
Amer. Sugar Refining	23	National Lead	21 1/2
Amer. Tel. & Tel.	188 1/2	Nat. Power & Light	8 1/2
Amer. Tobacco "B"	81	National Supply Corp.	7 1/2
Amer. Waterworks	12 1/2	Nat. Steel Corp.	10 1/2
Anaconda Copper	32 1/2	New York Central	20 1/2
Atchafalpa, T. & S. Fe.	29 1/2	Niagara Hudson Power	7 1/2
Auburn Motors	3 1/2	N. American Aviation	28
Baltimore & Ohio	7	North American Co.	22 1/2
Barber Asphalt Co.	16 1/2	Northern Pacific	10 1/2
Barnsdall Oil	14 1/2	Owens-Illinois Glass Co.	62 1/2
Bendix Aviation	31 1/2	Pacific Gas & Elec.	31 1/2
Bethlehem Steel	86 1/2	Pacific Lighting	47 1/2
Bliss & Co.	17	Packard Motors	4
Boeing Airplane Co.	28	Paramount Pictures	8 1/2
Borg-Warner	27 1/2	Pennsylvania R.R.	24 1/2
Biggs Manufacturing	24 1/2	Phelps-Dodge	42
Brooklyn-Manhattan Trans.	11 1/2	Phillips Petroleum	10 1/2
Brooklyn-Manhattan S.	41	Pittsburg Coke & Iron	40 1/2
Canadian Pacific R'way	5 1/2	Public Service of N.J.	40 1/2
Case J. I.	81	Pullman Inc.	36 1/2
Celanese	27 1/2	Pure Oil	8 1/2
Chesapeake & Ohio	41 1/2	Radio Corp. of Am.	6 1/2
Chrysler Corp.	86 1/2	Reading Company, com.	17 1/2
Climax-Molybdenum Co.	48 1/2	Reading Company, 1st pfd.	26 1/2
Columbia Gas & El.	7	Remington Arms Co., Inc.	5 1/2
Columbia Gas "A" pf.	82	Republic Aviation Corp.	6 1/2
Commercial Credit Co.	47 1/2	Republic Steel	25
Com. & Southern (ord.)	1 1/2	Reichhold Tobac. "B"	37 1/2
Colmanwealth \$8 cum. pfd.	—	Richfield Oil	9
Consolidated Edison	31 1/2	Safeway Stores	48 1/2
Consolidated Oil	8 1/2	Schenley Distillers \$5 1/2 pfd.	14
Continental Can	43 1/2	Schenley Distillers \$5 1/2 pfd.	85 1/2
Continental Oil	25 1/2	Shell Union Oil	13 1/2
Corn Products	62 1/2	Socoyn-Vacuum Oil	13 1/2
Curtiss Wright (C.)	11 1/2	Southern Pacific	16 1/2
Curtiss Wright "A"	30 1/2	Southern Rly \$5 pfd.	31 1/2
Deere & Co.	23 1/2	Sperry	48 1/2
Distillers Corp. Seagrass	16 1/2	Spicer Manufacturing Co.	30 1/2
Douglas Aircraft	84 1/2	Standard Brands	5 1/2
Du Pont de Nemours	17 1/2	Stand Gas & Elec.	2 1/2
Eagle Richer Lead	13 1/2	Standard Oil of California	27 1/2
Eaton Mfg. Co.	28 1/2	Standard Oil of N.J.	47 1/2
Elec. Autolite	37 1/2	Stone & Webster	12 1/2
Elec. Bond & Share	81	Swift International	13
Elec. Bond & Share \$5 pf.	59 1/2	Technicolor	13
Elec. Bond & Share \$8 pf.	68 1/2	Texas Corp.	47
Elec. Power & Light \$7 pf.	32 1/2	Texas Gulf Sulphur	34 1/2
Flintkote	19 1/2	Trans-America Co.	7
Food Machinery Corp.	—	20th Cent. Fox	14 1/2
Gen. American Trans.	55	20th Cent. Fox \$1 1/2 pf.	23 1/2
Gen. Electric	39 1/2	Union Carbide & Carbon	87 1/2
Gen. Motors	54 1/2	United Carbide	101 1/2
Gen. Railway Signal	21	United Aircraft	47 1/2
Gen. Tire & Rubber	22 1/2	United Airlines Trans.	12 1/2
Gillette Co.	17 1/2	United Corp.	2 1/2
Goodrich (B.F.)	19 1/2	United Corp. \$3 cum. pf.	38
Goodrich \$5 pf.	66 1/2	United Gas Corp.	21 1/2
Goodyear Tire & Co.	25 1/2	United Gas Improvement	14 1/2
Great Northern Iron Ore	18 1/2	U.S. Industrial Alcohol	23 1/2
Great Northern Rly. pfd.	30 1/2	U.S. Rubber	39
Great Western Sugar	20 1/2	U.S. Rubber \$8 pfd.	115 1/2
Greyhound Corp.	17 1/2	U.S. Steel	72 1/2
Hercules Powder Co.	84 1/2	Vanadium	35
Homestake Mining	56 1/2	Walworth Co.	7 1/2
International Harvester	62 1/2	Warner Bros. Pict.	—
Int. Nickel	40 1/2	Westinghouse Elec.	111
Int. Tel. & Tel.	4 1/2	Woodward Iron Cor.	28 1/2
Johns-Manville	78	Chase National Bank	—
J. & Laughlin Steel \$7 pfd.	77 1/2	National City Bank	—

*—bid. —ex. div. DOW JONES AVERAGE

1939	Nov. 9, 1939	Nov. 6, 1939	Nov. 3, 1939	Nov. 2, 1939	Nov. 1, 1939
High	155.93	151.46	149.81	150.35	151.11
Low	131.44	131.44	131.44	131.44	131.44
Dow Jones Average	131.44	131.44	131.44	131.44	131.44
30 Industrials	35.90	34.74	33.28	33.41	33.41
20 Railroads	27.07	26.70	26.18	26.30	26.30
20 Utilities	22.23	21.51	20.47	20.55	20.55
20 Bonds	60.53	59.59	58.54	58.50	58.50
Commodity Index	—	—	—	—	—

236 Per Cent Higher

COST OF LIVING IN CHUNGKING

CHUNGKING, Nov. 8 (Central).—The cost of living in Chungking has increased by 236 per cent in two years and three months since the outbreak of the Sino-Japanese hostilities, according to the price index compiled by the Southwestern Industrial Research Bureau.

RICE IN PRICES

The rise in the prices of commodities followed the transfer of the national capital from Nanking to this Szechwan city, and the subsequent great influx as a result of the withdrawal of Chinese forces from the Shanghai and Nanking areas. It reached dramatic proportions by July, 1938, when

BRITISH TRADE WITH BULGARIA

LONDON, Nov. 9 (Reuter).—It was officially announced that notes were exchanged between Lord Halifax and the Bulgarian Minister in London embodying agreement to facilitate Anglo-Bulgar trade and payments.

the cost of living registered an average increase of 81 per cent.

UPWARD TREND

The upward trend during the second year of the war, however, was even greater and more dramatic. The prices of the majority of the commodities were more than doubled by July, 1939, while quite a number of articles were sold at prices six or seven times their pre-war costs. The outbreak of the European war gave another impetus to the rise of the prices of certain commodities. Lack of transportation is another cause for the rise.

PAYNE & CO.

COMMODITY BROKERS
STOCK EXCHANGE BUILDING
HONGKONG

COMMODITY MARKET REVIEW

(FROM PAYNE & CO.)

	November 7	November 8	change
SINGAPORE RUBBER	37-3/4	37-3/4	unch.
S P O T	38-1/4	38-1/4	unch.
JAN-MARCH	35-1/2	35-1/2	off 1/8

The market was quiet.
WHEAT: The market was steady throughout the day and volume of trading was light. The easiness of foreign markets was ignored. Drought condition continue in the South-West and a potentially tight cash position is developing as a result of the loan situation.

COTTON: The Government estimate of 11,845,000 bales was about as expected. This shows a decrease of 80,000 bales as compared with the figure of 11,928,000 bales a month ago. There was a good foreign and domestic demand, and near positions were firm under the influence of the strength of Spots. Sentiment on this publication is bullish, we expect eventually higher prices.

RUBBER: The market was easy, reflecting the reports of heavy offerings for shipments for next year. The strength of "Spots" is impressive.

NEW YORK STOCKS: Previous close, 151.46; Today's close, 150.35; Change, off 1.11.

NEW YORK COMMODITY MARKET

(By Courtesy of Messrs. Swan, Culbertson & Fritz and S. R. Levy & Company)

	High	Low	Close	Change
New York Cotton, Dec.	9.35	9.16	9.08	14 up
New York Rubber, Dec.	20.52	20.27	20.48	07 off
Chicago Wheat, Dec.	88 1/2	87 1/2	87 1/2	2 up
Chicago Corn, Dec.	50 1/2	50 1/2	50 1/2	1 up
New York Hides, Dec.	14.08	13.80	13.97	11 up
NEW YORK COTTON	Close	Opening	Closing	Change
December	9.08/08	9.22/27	9.22/24	14 up
January	9.03 N	9.22/23	9.15 N	12 up
March	8.92/93	9.07/08	9.03/04	11 up
May	8.84/84	8.95/97	8.91/91	07 up
July	8.68/69	8.82/83	8.74/74	08 up
July (new contract)	8.88 N	9.04 N	8.96/96	08 up
Spot	9.33 N	—	9.47 N	14 up
NEW YORK RUBBER	December	20.48/52a	20.31/27	07 off
January	18.90/90	18.70/88	18.60/80	30 off
March	18.58/58	18.20/30a	18.12/12	46 off
May	18.25/28a	18.05/05	17.75/80a	50 off
September	unquoted	unquoted	unquoted	—

Total sales for the day: 1,380 tons.

	High	Low	Close	Change
CHICAGO CORN	December	83/87 1/2	88/87 1/2	1 up
January	86 1/2/86 1/2	86 1/2/86 1/2	87/86 1/2	1 up
July	84 1/2/84 1/2	84 1/2/84 1/2	84 1/2/85	1 up

Tuesday's sales: 18,909,000 bushels.

	High	Low	Close	Change
CHICAGO WHEAT	December	50 1/2/50 1/2	50 1/2/50 1/2	1 up
January	52 1/2/52 1/2	52 1/2/52 1/2	52 1/2/52 1/2	unch.
July	53 1/2/53 1/2	53 1/2/53 1/2	53 1/2/53 1/2	unch.

	High	Low	Close	Change
NEW YORK HIDES	December	70 A	70 1/2/70 1/2	1 off
January	75/75	74 1/2/74 1/2	74 1/2/74 1/2	1 off
July	78 1/2/78 1/2	78 1/2/78 1/2	78 1/2/78 1/2	1 up

WINNIPEG WHEAT					
December	13.97/97	13.80b/90a	14.08/08	.11	up
March	14.22/23	14.15/18	14.30/32	.08	up
June	14.47/47	14.50/50	14.58 N	.11	up

NY Official 34-3/4
NY-London Cross Rate 3.94

CANADIAN WAR LOAN PLAN

OTTAWA, Nov. 9 (Reuter).—Canada is planning a national organization to carry out a selling campaign to profit the public war loan whose details are withheld. It is, however, reported to carry 35 per cent interest and is likely to be opened for issue by the Government allotting \$250,000,000 to \$300,000,000.

RESERVE BANK OF INDIA STATEMENT

Calcutta, Nov. 8 (Reuter).

Oct. 27 Nov. 5

	Oct. 27	Nov. 5
Notes in circulation (including Notes held in the Banking Department)	22,880	22,823
Rupee Coin and Bullion in India	7,254	7,197
Gold Coin and Bullion in India	4,154	4,154
Securities (British Government)	7,450	7,450
Securities (Indian Government)	3,734	3,734

LONDON GOLD

London, Nov. 8 (Reuter).
Bar Gold, Fine per oz., 188.

LONDON METALS EXCHANGE

London, Nov. 8 (Reuter).

	buyers	sellers
TIN	—	—
Standard, Cam 230	—	unquoted
standard, 3 months 230	—	unquoted

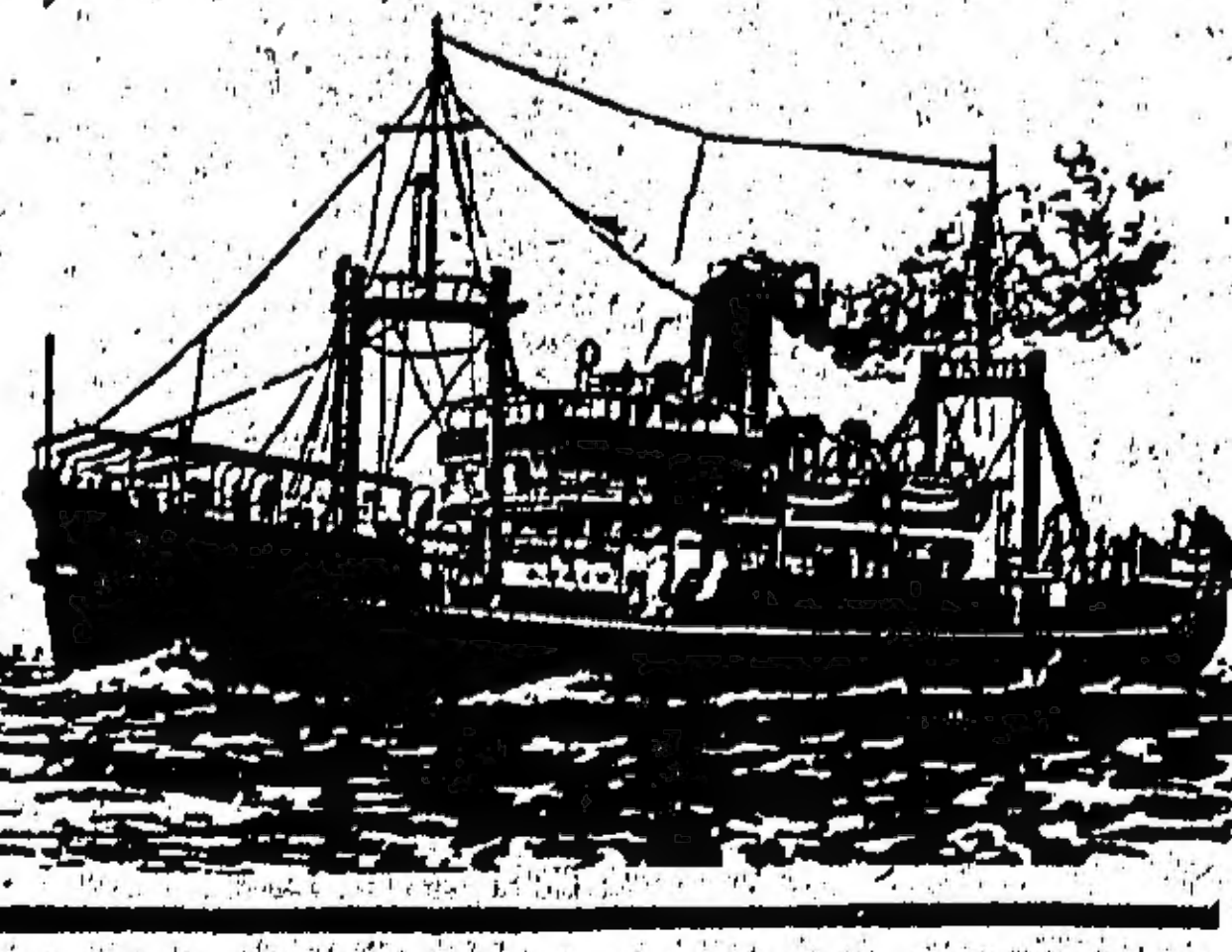
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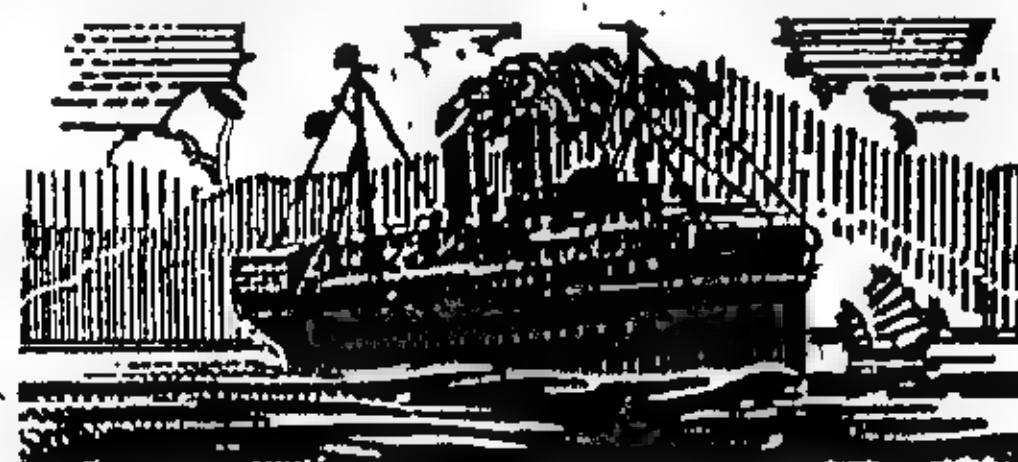
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EVICCTIONS ORDINANCE

AMENDMENT NOT IN THE GENERAL INTEREST

Government's intentions regarding the bill of an Ordinance to consolidate and amend the Prevention of Evictions Ordinances of 1933 and 1939, as drafted by a committee of two official and five unofficial members of the Legislative Council, which was read a first time on September 1 and the second reading of which was not taken at the next meeting of the Council, formed the subject of a question asked by the Hon. Mr. M. K. Lo at yesterday's Council meeting.

GOVERNMENT'S REPLY

In reply to Mr. Lo, the Colonial Secretary, Mr. N. L. Smith, said:—Subsequently to the first reading of the Bill the Government came to the conclusion that some of its provisions, especially those which withdrew the protection of the 1938 Ordinance from certain classes of mortgaged premises, were contrary to the interests of the persons whom that Ordinance was chiefly designed to protect. While recognizing that the Ordinance pressed hardly on mortgagors the Government considered that it was not in the general interest to amend the Ordinance to their particular advantage.

The decision which the Government came to does not involve the total abandonment of the Bill, which contained other provisions of a useful and helpful nature; but careful consideration of the effect of these provisions has had to be postponed while other legislative problems arising from the outbreak of war were being dealt with.

WEATHER REPORT

HONGKONG ROYAL OBSERVATORY

10 a.m., November 9.
Barometer (at sea level), 29.92 ins.
Temperature, 81 F.
Humidity, 58 per cent.
Wind Direction, N.
Wind Force (Beaufort), 4.
Temperature; maximum yesterday, 85 F.
Temperature; minimum last night, 73 F.
Rainfall for 24 hrs. ending 10th today, nil.
Total rainfall since January 1st, 81.93 ins.
Against an average of, 82.82 ins.
Sunset tonight, 5.42 p.m.
Sunrise tomorrow, 6.33 a.m.
4 p.m., Nov. 9.
Barometer (at sea level), 29.92 ins.
Temperature, 82 F.
Humidity, 55 per cent.
Wind Direction, NNE.
Wind Force (Beaufort), 4.
Maximum temperature, 86 F.
Minimum temperature, 73 F.
Rainfall, nil.

HONG KONG TIDE TABLE

From 10 to 18 Nov. 1939

Day of Week	Date of Month	HIGH WATER		LOW WATER	
		Hong Kong Standard Time	Height	Hong Kong Standard Time	Height
Fri.	10	h.m. 07.47	9.0	h.m. 09.25	3.4
Sat.	11	07.31	7.6	14.03	3.2
Sun.	12	07.45	5.8	03.10	1.9
Mon.	13	07.05	7.9	14.25	3.4
Tues.	14	07.12	5.5	03.53	1.6
Wed.	15	07.24	7.0	15.38	3.9
Thurs.	16	12.16	5.3	05.15	1.4
		22.40	7.9	18.10	4.1
		13.10	5.0	05.58	1.6
		23.10	7.1	18.42	4.3
		14.13	4.9	06.47	1.9
		23.40	7.3	17.15	4.4

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LOCAL ESTATE

Local estates, to the value of \$358,000, was left by the late Mr. Tseung Yee-tak, alias Tseung Kalyan, alias Tseung Cheng, a merchant who died at his residence at No. 57, Wing Lok Street on May 7, 1939. A petition by Ko Ho-ning and Tseung Wong-chol, for probate of the will has been granted.

FLAG TRANSFERS BY U.S. SHIPS

WASHINGTON, Nov. 9 (Reuter).—The Standard Oil Company of New Jersey stated that at least six of their tankers were transferred to the Panama flag in the past six weeks and that a further nine vessels were now being changed.

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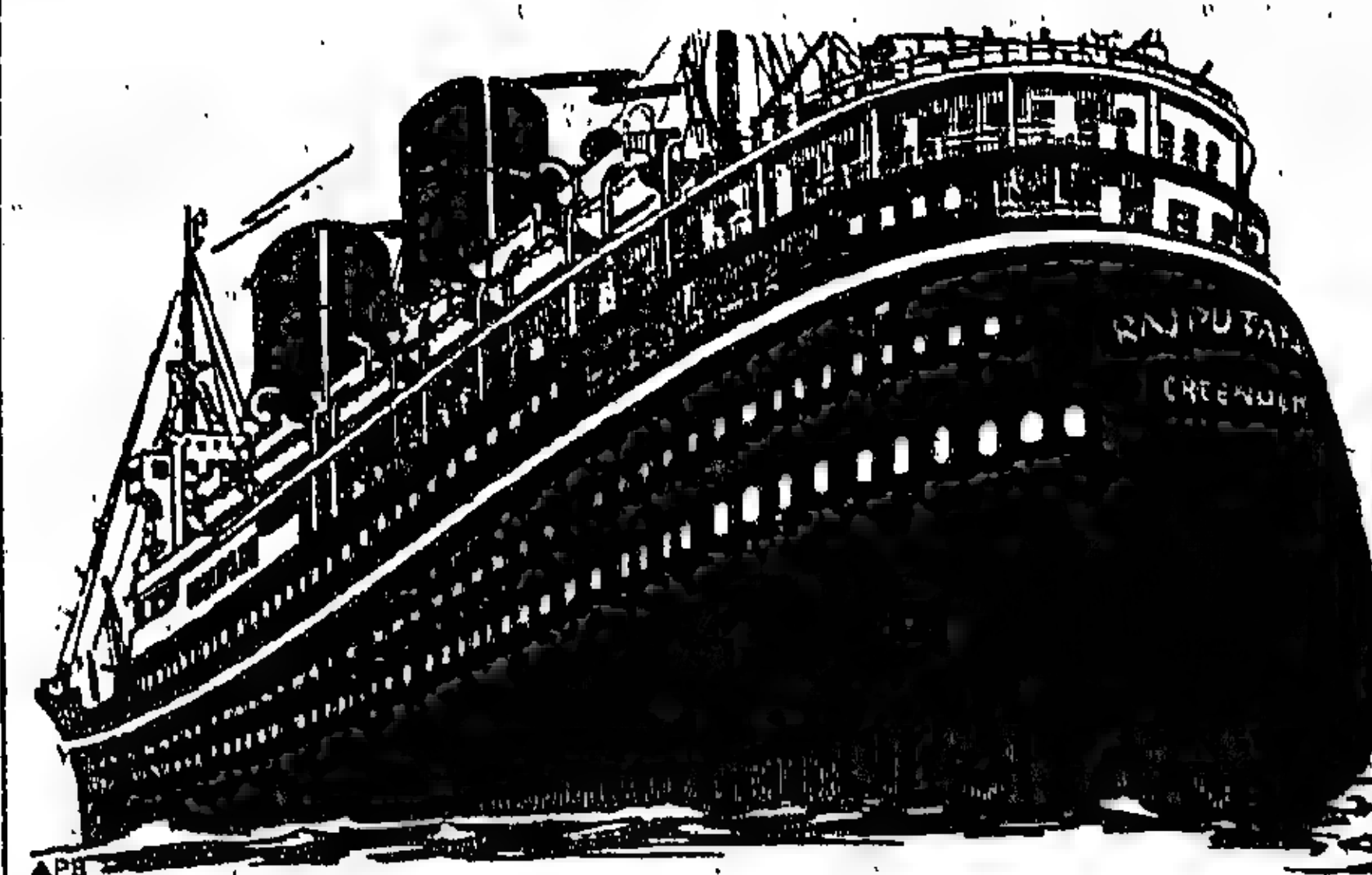
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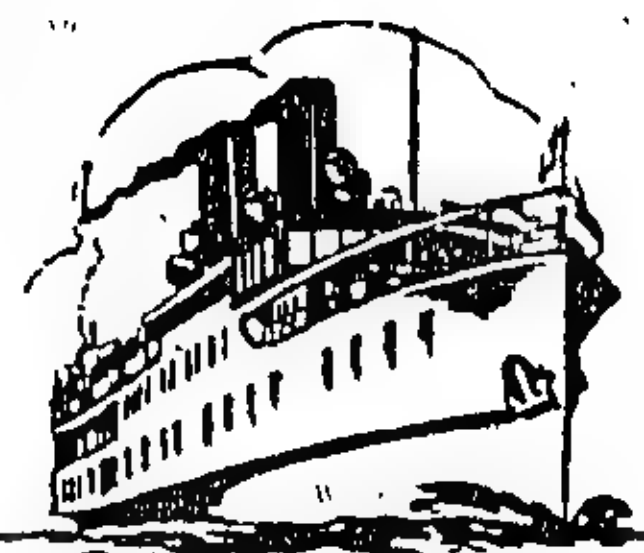
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34'A/39.

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All Claims must be sent in to me on or before the 18th Nov., 1939, or they will not be recognized.

Damaged Packages will be examined by the Company's Surveyors, Messrs. Goddard & Douglas in the presence of the Consignee at 10.00 a.m. on Monday, the 13th Nov., 1939.

Consignees must have a Revenue Officer in attendance when any dutiable goods are examined by the Company's Surveyors.

No Fire Insurance will be effected by us in any case whatever.

B. OHL,

Agent.

Hong Kong, 1939.

[815]

MAERSK LINE

NOTICE TO CONSIGNEES

having arrived, from New York and Ports of call, Consignees of Cargo are hereby notified that their Goods are being landed & placed at their risk into the Hong Kong and Kowloon Wharf and Godown Company's godowns at Kowloon, where delivery may be obtained as soon as the Goods are landed.

Optional Cargo will not be landed here, unless Notice has been given 48 hours prior to vessel's arrival, but carried on from port to port to the final port of call to which the option extends.

No Claims will be admitted after the Goods have left the Godowns, and all Goods remaining undelivered after the 10th Nov., 1939, will be subject to Reclaim.

All broken, chafed, and damaged Goods are to be left in the Godowns, where they will be examined on 8th Nov., 1939, at 10 a.m. by the Surveyors Messrs. Goddard & Douglas.

To comply with the General Bond Warehouse Regulations, consignees must have a Revenue Officer in attendance when damaged dutiable goods are examined.

All claims must reach us before the 10th Dec., 1939, or they will not be recognized.

No Insurance will be effected. Bills of Lading will be countersigned by J.B. SMITH & CO., Agents.

Seng Kong, 3rd Nov., 1939.

[805]

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Full Council
Debate

Continued from Page 1

Sr Henry said that, for the purpose of making a gift to the Imperial Government, other taxes which would not involve the risk of injuring the trade and prosperity of the Colony ought to be substituted for income tax.

After referring to the objections to income tax of both the Committees of the General Chamber of Commerce and the Chinese Chamber of Commerce, Sr Henry said:—"I confess I find it very difficult to understand what justification the Government has for proceeding with the consideration of an income tax bill."

Flight of capital from the Colony would be a likely result of income tax, which would also deter new factories and enterprises from starting here, said Sr Henry.

CHINESE OPPOSITION

The Hon. Mr. T. N. Chau, Senior Chinese Member, gave voice to strong objections from the Chinese community.

"As regards the war budget," he said, "it is first of all my duty to the Chinese community to dispel any impression which may have got abroad that the motive behind any opposition that has been publicly or privately expressed to the institution of a tax on incomes reflects any reluctance to raise a special capital contribution to the War Funds of the Imperial Government."

"The suggestion that the comments or even criticism, however strong, might be construed as revealing any general attitude of antagonism by the Chinese, fortunately comes from a source which we have all learnt to regard as committed, as a matter of policy, to systematic distortion."

DISTURBING EFFECT

Mr. Chau outlined in detail the reasons on which he based his objections, and said that the opposition arose mainly from the firm conviction that the disturbing effect of its introduction and the confusion attendant on its administration would, by doing incalculable harm to business interests, defeat the object which it was obviously the desire of the Government to attain.

"The fortuitous increases in the Colony's revenue serve but to cloak the unsatisfactory position of the Colony's economy," said the Hon. Mr. M. K. Lo.

The flight to Hongkong of "refugee" capital, he said, was no doubt due to Hongkong being "a free port, without income tax and without excessive taxation."

BLEAK OUTLOOK

"With the dislocation and diminution of trade caused by the war and by the necessary war measures; with unemployment caused by the closing down of enemy businesses; with a 'dead' property market, and a 'moribund' share market, with a low dollar and rapidly increasing costs of imported goods and a concomitant increase in the cost of living in general, and in face of reduced earnings—the outlook for the Colony is indeed bleak," said Mr. Lo.

"I am satisfied in my own mind that the Colony's contribution can be raised by other means without incurring the risk of 'killing the goose that lays the golden eggs.'"

The Hon. Mr. S. H. Dodwell, the Hon. Mr. Leo D'Almada e Castro, Jnr. and the Hon. Mr. A. L. Shields also defined their objections to the income tax proposal.

ACTING G.O.C.

At the commencement of the meeting yesterday, Brigadier A. B. Thomson, Assistant Adjutant and Quartermaster General in charge of Administration of the China Command and Acting General Officer Commanding, was sworn in. The G.O.C., H.E. Major-General A. E. Grasett, is at present on an inspection trip in the North.

Moving that the Estimates of Expenditure for 1940/41, as presented, be approved, the Colonial Secretary, the Hon. Mr. N. L. Smith, said:—

On October 12, 1939, by a Resolution of this Council the draft estimates of expenditure for 1940/41 were referred to a Select Committee consisting of myself, the Financial Secretary and all unofficial members of this Council.

In proposing that motion the Honourable Financial Secretary announced that it was the intention of Government to ask the Committee, in accordance with the policy which Your Excellency had stated when opening the debate on that day, to present its report in the form of two budgets, namely an ordinary budget and a war budget.

At that time it was fully ex-

Mass Execution In Swatow:
Ruthless Japanese Action

Buy A Poppy

pected, as Your Excellency said, that proposals for the imposition of Income Tax, the only Revenue head in the war budget, would be sufficiently advanced by now to allow of action to be taken on the lines indicated, but that expectation has not been realised and the Budget which I present today as the report of the Select Committee is substantial y the one which was considered on October 12. I am to make it clear that this departure from the original programme is wholly on account of the shortness of time before the opening of the new financial year and must not be taken as an indication that Government has abandoned the scheme.

EXTRA EXPENDITURE

It is, however, necessary to provide at once for extra expenditure on, for instance, the Volunteers, Maintenance of Internees, the Censorship Department, and so on, which would have been included in the special war budget. It is very difficult to estimate these expenses precisely and a single sum of \$1,000,000 has therefore been included to cover them, under a new Head called Special War Expenditure. This will in due course be transferred for accounting purposes to the war budget if that plan is ultimately carried out.

Certain other additions have been made to the original draft estimates of expenditure: the sum for the Auxiliary Fire Service has been increased to \$9,500 and it has been decided to proceed with the building of the New Fire Station in Hennessy Road, at a cost of \$110,000. On the other hand the additional duties, recently imposed on liquor and petrol have necessitated a revision of the estimated amount to \$13,528,000 instead of \$12,528,000.

The estimated deficit of \$328,708 shown in the draft estimates as presented on October 12 will be increased to \$440,708.

ITEMS ADDED

The following are the items which have been added:—

Head 6 E. Special War Expenditure \$1,000,000.

Head 10, Fire Brigade, (Sub-head 2, Auxiliary Fire Service) \$8,500. (Increased from \$1,000 to \$9,500).

Head 11 B. Air Services. Additional Guard for Airport Ground Staff \$485.

Head 20, Treasury, etc. Additional Messenger for Assessor's Office \$255.

Head 30, Public Works Extraordinary. Sub-head 10, New Fire Station in Hennessy Road \$105,000. (Increased from \$5,000 to \$110,000).

Total: \$1,114,220.

The following item has been reduced:—

Head 19, Police Force. Sub-head 41, Filing Cabinets \$220. Reduced from \$1,510 to \$1,290.

A few misprints, notably an obvious one in Head 18, Pensions, have been corrected.

The Unofficial Members then spoke, while the Financial Secretary, the Hon. Mr. Sidney Caine, also replied to the criticism against the income tax proposal. Full reports of their speeches are published as a special supplement to this issue of the Hongkong Daily Press.

After Mr. Shields had spoken, the debate was adjourned to Monday, at 2.30 p.m., when the Hon. Mr. T. E. Pearce and the Hon. Mr. Li Tse-fong will speak and the Expenditure Bill will be introduced by the Financial Secretary.

THOSE PRESENT

Present at the meeting were:—His Excellency the Governor, Brigadier A. B. Thomson, the Hon. Mr. N. L. Smith (Colonial Secretary), the Hon. Mr. A. G. Alabaster (Attorney General), the Hon. Mr. R. A. C. North (Secretary for Chinese Affairs), the Hon. Mr. Sidney Caine (Financial Secretary), the Hon. Cmdr. G. F. Hole (Harbour Master), the Hon. Dr. P. S. Selwyn-Clarke (Director of Medical Services), the Hon. Mr. T. H. King (Commissioner of Police), the Hon. Mr. A. B. Purvis (Director of Public Works), the Hon. Sr Henry Pollock, the Hon. Mr. S. H. Dodwell, the Hon. Mr. T. N. Chau, the Hon. Mr. M. K. Lo, the Hon. Mr. Leo D'Almada e Castro, Jnr., the Hon. Mr. A. L. Shields, the Hon. Mr. T. E. Pearce, the Hon. Mr. Li Tse-fong and Mr. A. G. Clarke (Deputy Clerk of Council).

25 PROMINENT
YOUNG CHINESE
KILLED"SPECIAL TO THE HONGKONG
DAILY PRESS"

News of a ruthless mass execution of some 25 prominent young Chinese citizens of the treaty port of Swatow by the Japanese authorities, which was withheld for some time has reached here through a correspondent, who managed to evade the strict Japanese censorship.

The incident took place about two weeks ago when the Japanese proclaimed martial law in Swatow after 11 p.m., the curfew hour having been advanced from 12 midnight, Tokyo time.

PATRIOTIC CHINESE

In spite of the fact that a number of policemen and soldiers were posted at various important points along the waterfront, some patriotic Chinese citizens managed to evade the vigilant sentries and after destroying all anti-Chiang propaganda posted by the Japanese, put up new posters, urging the citizens to help Generalissimo Chiang to resist the enemy until final victory is achieved.

JAPANESE ANGER

This action aroused the Japanese anger and on the following day they arrested about 25 young Chinese, the majority of them sons of prominent and wealthy residents.

These men were placed in a lorry and paraded through the streets before their execution took place. Some characters representing them as being bandits and spies were placed on their backs.

After the parade, these young men were executed at the air base in Kialat.

"UNIFORMS"
SPY CASESensational
Disclosures
In HollandTailor's Suspicions
Lead To Arrests
Of Germans

AMSTERDAM, Nov. 9 (Reuter).—The arrest of four German at Hengelo, near the German-Dutch frontier, is the latest development in the big "Uniforms" spy case, which all Holland is following with tense interest.

The arrests and disclosures followed the discovery a few days ago that Dutchmen were allegedly attempting to smuggle Dutch uniforms of various types to Germany.

Yesterday's arrests are a sequel to an incident at Deventer yesterday, when a man, speaking with a German accent, tried to purchase a Dutch military cap.

The tailor's suspicions were aroused and he took the number of the man's car, enabling the police to stop the car in the frontier and arrest the four German occupants.

TRUE SPY LINES

The affair is developing on true spy lines and the newspapers early yesterday announced the extraordinary discovery during a domiciliary search of a German aeroplane in a garage.

The investigations indicate that a gang is trying to smuggle any sort of Dutch uniforms; from tram conductors to cavalry officers.

EIRE'S
EMERGENCY
BUDGET

DUBLIN, Nov. 9 (Reuter).—The Eire Government is passing an emergency budget owing to the cost of maintaining neutrality and the decrease in revenue. The increase in duties on various commodities is expected to increase revenue by £200,000.

INDIAN AIR FORCE
TRAINING

NEW DELHI, Nov. 9 (Reuter).—British Indians and Anglo-Indians who joined the Indian Air Force will be trained in India instead of abroad.

FOREIGN MAILS

HONGKONG, FRIDAY, 10th NOVEMBER, 1939, 9.30 A.M.

GENERAL HOLIDAY

On Saturday, 11th November, the General Post Office and Kowloon Central Post Office will be open from 8 a.m. to noon. Sheungwan Branch Post Office will be open from 8 a.m. to 10 a.m. and the other Branch Post Offices will be entirely closed.

There will be one collection from the pillar boxes as on Sundays, one delivery of ordinary correspondence at 11.30 a.m. and one delivery of registered correspondence at 11 a.m.

The Branch Post Offices at Stanley, Taiipo and Un Long will also have one delivery of ordinary correspondence at 11 a.m. The Money Order Office will be entirely closed.

A revised edition of the Hong Kong Post Office Guide is on sale at all Post Offices price \$1.00.

Small Packet Post to all countries is suspended.

Christmas and New Year Cards bearing not more than five written words and enclosed in open envelopes are accepted by the Post Office at the rate for printed matter, i.e. 5 cents per 2 ounces, for all countries.

Hongkong, China and Macao at 2 cents per 2 ounces. Envelopes must not be closed.

INWARD MAILS

From	Due
Calcutta, Straits and Saigon.	10th Nov.
Manila.	10th Nov.
Japan.	10th Nov.
Shanghai.	10th Nov.
Shanghai.	10th Nov.
Japan and Shanghai.	10th Nov.
U. S. A., Honolulu, Japan and Shanghai (San Francisco date, 20th October).	10th Nov.
Manila.	10th Nov.
Shanghai.	10th Nov.
Air Mail by "Imperial Airways Direct Service"—London date 4th Nov.	12th Nov.
Haiphong.	12th Nov.
Shanghai.	12th Nov.
Haiphong.	12th Nov.
Straits and Manila.	12th Nov.
Amoy and Shanghai.	12th Nov.
Canton.	13th Nov.
Air Mail by "Pan American Airways Direct Service"—San Francisco date, 3th November.	14th Nov.
Haiphong, Pakhol, Hoihow and Fort Bayard.	14th Nov.
Calcutta and Straits.	14th Nov.
Shanghai.	14th Nov.
Air Mail by "Air France Direct Service"—Paris date 8th November.	15th Nov.
Japan and Shanghai.	15th Nov.
Manila.	15th Nov.
Japan and Shanghai.	15th Nov.
Air Mail by "Imperial Airways Direct Service"—London date, 8th November.	15th Nov.
Haiphong and Pakhol.	15th Nov.
Japan.	15th Nov.
Australia and Manila.	15th Nov.
Sandakan.	15th Nov.
Shanghai.	15th Nov.
Japan and Shanghai.	15th Nov.
Shanghai.	15th Nov.
Calcutta and Straits.	21st Nov.
Japan.	21st Nov.
Shanghai.	21st Nov.
Japan.	24th Nov.
Canada, U. S. A., Honolulu, Japan and Shanghai (Vancouver B. C. date, 4th November).	24th Nov.

OUTWARD MAILS

Registered and Parcel Mail are closed 15 minutes earlier than the time given below unless otherwise stated, and where mails are advertised to close at or before 9 a.m. registered and parcel mails are closed at 5 p.m. on the previous day. When mails are advertised to close after 5 p.m., Registered and Parcel mails are closed at 5 p.m.

For	Date and Time
FRIDAY	
Amoy and Shanghai.	Fri. 10th 8.30 AM
Sandakan.	8.30 AM
Fort Bayard.	10.30 AM
Shanghai and parcels only for Tientsin.	10.30 AM
Straits and Calcutta.	Parcels 11.00 AM
Parcels only Haiphong.	Ord. Noon
Fort Bayard.	1.00 PM
Haiphong.	1.30 PM
Parcels only for Straits and Rangoon.	2.40 PM
Manila.	5.00 PM
Manila.	7.00 PM
SATURDAY	
Saigon.	Sat. 11th 10.30 AM
Straits and Calcutta.	Parcels 11.00 AM
Ord.	Noon
Amoy.	Noon
Shanghai and Japan.	Noon
K.P.O.	
Reg.	Noon
Ord.	Noon
G.P.O.	
Air Mail for "Imperial Airways Direct Service"—due London, 19th Nov.	Reg. Noon
Ord.	5.00 PM
SUNDAY	
Saigon, Madang, Salamaua, and Rabaul.	Sun. 12th 9.00 AM
Haiphong.	9.00 AM
Fort Bayard, Hoihow and Pakhol.	9.00 AM
Swatow.	9.00 AM
Parcels only for Shanghai and Tientsin.	9.01 AM
Shanghai.	9.00 AM
MONDAY	
Shanghai, Japan, Canada, U.S.A., Central and South America via Vancouver B.C. (Parcels only for Canada)—due Vancouver B.C., 1st December.	Mon. 13th 9.15 AM
Canton.	Ord. 13th 10.00 AM
TUESDAY	
Batavia and Sourabaya.	Tue. 14th 9.30 AM
Saigon.	9.40 AM

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UNEQUIVOCAL INCOME TAX OPPOSITION TO FOR HONGKONG

SIR HENRY POLLOCK:

OPPOSES MORTGAGING COLONY'S FINANCIAL FUTURE INDEFINITELY

The Hon. Sir Henry Pollock, Senior Unofficial Member, said:—Your Excellency, I have no comments to make on the Budget for 1940-41. In regard to the proposed War Gift to the Imperial Government, as a resident of the Colony for 51 years, during 29 years of which time I have served as a Member of this Council, I make no apology for treating the making of this gift from the point of view of the welfare of this Colony rather than from the point of view of contributing what must, whatever actual annual sum in dollars is remitted to the Imperial Government, be a mere mite in the War Expenditure of Great Britain.

In taking this view I am supported by the Right Honourable the Secretary of State for the Colonies who clearly, and wisely, told us that "there should be as little disturbance as possible with the Colony's current activities and development schemes, so long as revenue to finance them would be forthcoming."

It is our duty, therefore, in this Council, in considering the amount of dollars to be remitted to the Imperial Government as a gift, to look ahead beyond the immediate present, and to conserve our resources for "current activities and development schemes."

I am convinced that it would not be prudent finance to make an annual contribution to the Imperial Government of a larger sum than \$3,000,000, in addition to the \$6,000,000, per annum which we have to pay for our ordinary Military Contribution and to the sum of nearly \$2,250,000 in respect of Defence and Special War Expenditure for 1940-41.

MORTGAGING FUTURE

My reasons for holding this opinion are:—

(1) That nobody can foretell how long the present war will last, and, therefore, that we are not justified in mortgaging our financial future for an indefinite period of time by sending out of the Colony annually more than \$3,000,000.

(2) That the total amount required to be voted eventually to complete the following items in Public Works Extraordinary for 1940-41, namely, items 11, 14, 15, 19, 21, 22 and 23, is over \$3,300,000, whereas the amounts now being voted for commencing those works total no more than \$215,000.

The big difference between the above amounts will have to be made up by the taxpayer in future Budgets unless we are to leave those works in a state of suspended animation for the wholly unknown and uncertain duration of the war.

(3) In his speech in this Council on the Budget, on October 12, the Honourable the Financial Secretary said:—"In preparing the final draft a number of items of new expenditure which it had

originally been desired to include were deleted in order to avoid budgeting for any substantial deficit in the uncertain circumstances which lie before us."

STRONG ARGUMENT

That statement of the Financial Secretary I regard as an important admission that certain desirable items of expenditure were excluded from the Budget because of the "uncertain circumstances which lie before us," and nobody who is acquainted with the circumstances of Hongkong will dispute that there are many other public works which we would like to have carried out if finances permitted. This seems to me a very strong argument not only against our sending home as a War Gift a sum of more than \$3,000,000, but also a very strong argument against the imposition of a tax like income tax, which will seriously upset Chinese capitalists and industrialists in this Colony.

A few days ago I visited the Kwong Wah Hospital and found that it was badly overcrowded, with, in some cases, two patients occupying the same bed. Also I found over 200 patients quartered in four matsheds in the grounds, who are exposed to serious danger in case of fire.

In these circumstances it is obvious that more hospital accommodation for several hundred patients ought to be built as soon as possible, involving a probable expenditure of about two million dollars.

I am confident that Your Excellency, who has Public Health matters in this Colony so much at heart, will agree that this is a responsibility which rests upon the Government and that these new hospital buildings ought to be erected as soon as possible.

I now pass on to the main theme of my speech, which is that, for the purpose of making a gift to the Imperial Government, other taxes which would not involve the risk of injuring the trade and prosperity of this Colony ought to be substituted for income tax.

In the opinion of responsible business men of this Colony the

imposition of income tax would be a disastrous form of taxation to adopt, for it is the unanimous opinion of the Committee of the Hongkong General Chamber of Commerce, and of the Committee and Members of the Chinese Chamber of Commerce, that they are not in favour of the institution of income tax in this Colony. My Unofficial colleagues on this Council are unanimously opposed to income tax.

CHINESE MENTALITY

I confess that I find it very difficult to understand what justification the Government has for proceeding with the consideration of an income tax bill in view of the fact that those British and Chinese experts have unanimously expressed themselves as being opposed to income tax.

Anybody who understands the mentality of the Chinese must realise that such a measure as income tax would be likely to cause the flight of capital from this Colony and to prevent new remittances from being made to Hongkong and also that it would probably deter new factories and enterprises from starting here.

In connection with this latter point I may mention that I have been informed recently that certain Chinese, who had intended to start steelworks in this Colony, have, since income tax was mooted, abandoned the idea.

Other objections to income tax are that it would involve the trouble and expense of having numerous Chinese account books translated into English, and that its collection would involve the employment, at considerable public cost, of a large staff of new Government officials, and that the Chinese have strong objections to their private, family, and business affairs being pried into.

ADMINISTRATION COST

In the Taxation Committee's Report, mention is made of the probable cost to Government of administration of income tax, but no consideration seems to have been given to the additional cost of book-keeping, records, legal advice, chartered accountant's fees, etc., that will have to be borne by any business in order to comply with the requirements of the Tax.

We have been told that income tax is enforced in Ceylon, but, with all due deference, that fact is wholly irrelevant, as conditions there are so entirely different from those existing in this Colony.

I fear that Your Excellency, in your desire for this Colony to make a contribution towards the War Gift to the Imperial Government, has not quite appreciated those serious objections to income tax which I have indicated and which will no doubt be stressed by other Unofficial Members.

It is hoped, however, that Your Excellency who, in the

course of your two years' administration of this Colony, has earned the thoroughly well-deserved reputation of being able to consider every side of a question, will, with the same impartiality, consider the arguments which are now being urged against the imposition of income tax, together with the suggestion that alternative taxes be imposed.

Your Excellency recently appointed a Committee to go into details of the Income Tax Bill proposed by Government, and I understand that, in that letter of appointment, it was stated that Government was "willing to give full consideration to alternative methods of raising revenue." I have been informed, however, by the Government, that that remark does not mean that the members of that particular Committee are to be at liberty to suggest any alternative methods of taxation.

Accordingly I venture to suggest that Your Excellency should now appoint a Committee for the purpose of considering alternative methods to income tax for raising revenue for the War Gift to the Imperial Government. On that Committee I should be glad, if considered, eligible, to serve.

ALTERNATIVE METHODS

That Committee would no doubt be able to recommend many suitable alternatives to income tax. In the meanwhile I suggest some possible alternative methods of taxation, which have the merit of being easily collected, at small expense, and also of being widely spread, such as:—

A percentage on every electric light and power bill.

A percentage on every gas bill.

A percentage on every telephone bill.

The raising of the annual licence fee charged for wireless sets.

A tax on cinema and theatre tickets.

The institution of a special War surtax on the assessed rateable value of property.

The collection of a percentage on dividends from investments in Public Limited Companies in Hongkong.

On behalf of all the Unofficial Members of this Council I desire to state that Income Tax is, in our opinion, detrimental to the future of this Colony, and to request Your Excellency to appoint a Committee to consider and report on alternatives to Income Tax, for the special purpose of raising revenue for the War Gift to the Imperial Government.

It is my earnest hope that a just and wise solution of this taxation problem may be found and that what ought to be a free-will offering from this Colony will go home with the cordial and united assent of every Member of this Council.

CHINESE OBJECTIONS TO PROPOSAL EXPRESSED BY MR. T. N. CHAU

The Hon. Mr. T. N. Chau, Senior Chinese, Unofficial Member, said:—Sir—As the draft estimates of expenditure for 1940/41 have been carefully considered by the Select Committee, I personally have no observations to make on the ordinary budget.

As regards the war budget, it is first of all my duty to the Chinese community to dispel any impression which may have got abroad that the motive behind any opposition that has been publicly or privately expressed to the institution of a tax on income reflects any reluctance to raise a special capital contribution to the War Funds of the Imperial Government. The suggestion that the comments or even criticism, however strong, might be construed as revealing any general attitude of antagonism by the Chinese, fortunately comes from a source which we have all learnt to regard as committed, as a matter of policy, to systematic distortion.

As representing the Chinese community, and by that I mean not only those whose loyalty arises from their British birth but all who have enjoyed for either longer or shorter periods the privileges of citizenship in this Colony, I have to refute in the most unequivocal terms that such opposition, as has already been voiced against the introduction of income tax, is associated with any unwillingness to share in full measure whatever sacrifices which are being claimed from all citizens of the British Empire.

I go further and say that far from the adoption of any hesitant attitude towards the raising of a special war contribution by this Colony, it is the general desire of the Chinese community to see that in due course such a contribution be made and in a manner which will be worthy of and do credit to the loyalty of all sections of the community of this Colony.

SENSIBLE OF NEEDS

The Chinese community is far from being insensible of the urgent and special financial needs of the Colony, and they realise that these call for consideration of new methods of raising revenue.

The opposition to the introduction of income tax which it is my duty to emphasise, is based on the firm conviction that its practical implication is so fraught with difficulties, that it will not only fail in its object but may bring in its train repercussions and complications in spheres which might not normally be associated with the collection of revenue.

Were the difficulties with which we are faced only of a practical nature I would consider any form of opposition which did not attempt to offer any solution as being inadequate, but as I am convinced that this revolutionary method of raising revenue in this Colony is going to place us in a position where not merely the prosperity but the whole financial structure may be imperilled, I must deprecate even prolonged considerations directed towards solving the various practical difficulties, many of which have been already voiced by public bodies and in the Press.

I feel that in considering the question of income tax in this Colony, where the Chinese business population predominates, we should exercise a sense, not merely of scientific but more particularly of what I might describe as "psychological" economics.

We are faced by the undeniable fact that the introduction of income tax in a wholly or predominantly Chinese community has always proved a failure and as, obviously, there is a reason for this which might be easily ascer-

tained or, on the other hand, evade the most vigilant inquiry, it is my view that without an answer to this question, an answer which would enable us to distinguish conditions in this Colony from countries where the experiment has failed, we are not justified in proceeding with the matter.

LITTLE SUCCESS IN MALAYA

It is known with what little success the attempt to introduce income tax in Malaya has met, but what is still more important is the evidence from China itself where the income tax laws, which had been most carefully worked out, have proved to be an absolute failure almost from the time of their institution.

I do not think it necessary for me to put forward any theories for these failures, but I do repeat that a very clear explanation should be the starting point and not an incidental matter for our own deliberations.

The Taxation Committee appointed by Your Excellency in October, 1938, had already, as I will admit, a background of very abnormal conditions in this Colony, arising out of the Sino-Japanese hostilities which had then been in progress for over a year. That part of their Report which deals with income tax cannot, therefore, be said to have ignored entirely the unusual commercial and financial situation which then existed and might continue for an indefinite period.

It is, however, worthy of note that in furnishing replies to a number of practical difficulties in the institution of income tax relating to questions which the Committee itself had raised, a very strong note of caution was sounded, and I desire to refer particularly to certain preliminary and conditional recommendations.

These include the absolute necessity for a detailed investigation of the whole field with the assistance of an "expert", and to this I would personally add the maintenance of numerous experts, far beyond the preliminary or introductory stages. And further, the Committee recommended that the imposition of this form of tax should be preceded by the formation of a large and substantial body of favourable opinion in this Colony.

The experts whose reports I should like to hear before this matter proceeds any further, are not those who can assure us how successfully income tax works in other communities, but why it has failed amongst Chinese communities. As for those who would be responsible for administration of income tax they would all have to be persons with expert training and much experience.

The hope of obtaining such advice and permanent assistance does not, under existing conditions, appear at all bright. The alternative of procuring officials who have to gain their experience at the expense of the smooth working of the system, which should be guaranteed from its initiation, is a sure way of maintaining its unpopularity.

NEVER EQUITABLE

I am convinced that the majority of the Chinese community believe that it will never be possible to approach that stage at which the incidence of the tax falls fairly and equitably amongst those who should contribute their more or less towards it.

In the Chinese business community the conception of profits on investment differs fundamentally from that which is essential for the assessment of the tax. I am aware that there is an increasing proportion of Chinese book-keeping which approaches European methods, but the bulk of Chinese business, whether connected with production or industry or with that preponderance which may be described as general trading, adheres to the systems which, although taking care of the specific profits on output or sales, do not take cognizance of general profits on enterprise.

In unincorporated partnership is issued a combined Balance Sheet and Income and Expenditure Account in which what is considered as the capital may be increased or decreased but in which the "profits for distribution" as such are not shown.

To those who claim that the information required for assessments may nevertheless be easily extracted, and to those who maintain that a partial transition from the present methods has been envisaged, I would make the same reply, namely, that all who are qualified to speak in such matters deny that such transformation appears feasible, except perhaps at the expense of much confusion and ultimate defeat.

THE MERCHANT

In spite of marked and, we hope, permanent industrialisation which has been noted in recent years, the foundation of the Colony's business is still the merchant through whom business flows from the outside world to and from the mainland.

I need perhaps not remind Your Excellency that the book-keeping for the average Chinese merchant is divided into two very separate compartments. There is the general recording of transactions with the world at large which is dealt with by the employees of what is known as "the outer counter", but there is an additional set of books which are kept in "the inner counter" by the proprietor or partners of the business maintained under conditions of extreme privacy, to which no employees have access under any circumstances.

We must try to realise that an official invasion of the "inner counter" means to a Chinese business man a great deal more than the disclosure of his business secrets. To understand this we should appreciate that this privacy, which is traditional, has no origin in any attempt to evade taxation or to mislead official inquiry. It is not a question merely of disclosure of business secrets, of sources of supply or of customers, but of the breaking down of a traditional element in business procedure which has been regarded for centuries as a fundamental form of security, and with it would go a degree of confidence which might undermine the whole structure of business life.

It may be said that the assessments would depend only in part on the investigations of books, and that there are considerable sources from which reliable and indisputable information is available. These include income from public investments, public or private companies, from house properties, mortgages, salaries (which are a matter of record by employers), and all income which is remitted from abroad and which passes through recognized channels such as Banks.

Whilst not agreeing that the proportion of these sources is as large as anticipated, the ability to tax that source does not, unless I misunderstand the situation, pro-

vide any encouragement. There arise numerous questions of refunds, rebates and allowances which will have to be considered, as in the vast majority of cases such class of income will not represent the sole sources.

COMMISSION AGENT

In this Colony, except perhaps in the case of foreign employees, instances must be comparatively few where income is derived merely from a single source. We are, therefore, invariably thrown back, for the purpose of assessment not only of income but of allowances, to investigate each individual case.

As an example of one class of difficulty, I am reminded of the very large proportion of the business transacted in this Colony by what is known as the "middle man" or commission agent, the person who buys and sells not for his own account but passes money after making certain recognised deductions. I would be surprised to hear that the total income from this class of business could be ascertained, with an approximation to accuracy, by inspecting all transactions involved and the records kept by the principals in such transaction.

In a large number of cases, neither of the principals carries on business in this Colony. Whilst on this question of commission, it must be well known that in each business, and indeed in many private transactions, there are recognised deductions which are not a matter of record but are, nevertheless, an essential.

It would be interesting to know to what extent the preliminary essentials and qualifications made by the Taxation Committee would have been augmented or emphasised, had it been asked to report on this particular subject under the conditions imposed on this Colony through being itself involved in a state of war. I venture to surmise that what little encouragement that Report may have given to the Government for the introduction of the measure now, would have been replaced by a solemn warning against it.

REFUGEE CAPITAL

Attention has been sufficiently drawn to the transitory and migratory nature of the capital—refugee capital, if I may so describe it—which has found its way to this Colony in the last two years. Investment and enterprise, including the transfer of manufacturing plants to Hongkong, has been stimulated by a profound sense of security and by satisfactory appraisal of the benefits to be derived. A disturbance of the calculations and estimates which have preceded these wartime investments will undoubtedly involve a consideration of alternatives when it should of course, be our object to retain the advantages which this Colony so sorely needed.

I endorse the remark made by the Hon. Senior Unofficial Member that the unanimous opinion of the Committee and Members of the Hongkong Chinese General Chamber of Commerce is adverse to the institution of income tax in this Colony. A copy of the Chamber's letter has been sent to Government through the Hon. Secretary for Chinese Affairs.

I will conclude, as I began, with an assurance that the responsible elements of the Chinese community are prepared to assist in every way they can in finding a solution to the urgent and special financial problems with which the Colony is faced.

Numerous methods of raising revenue alternative to income tax have already been suggested, and

UNPROFITABLE TIME FOR FISCAL EXPERIMENT

In their consideration the Chinese business community desires to be not critical but constructive. No scheme will be attacked only on the ground that it inflicts hardship or strain on any portion of the community.

But the opposition to the institution of anything in the nature of a tax on income or profits,

which I now have formally to record, arises mainly from the firm conviction that the disturbing effect of its introduction and the confusion attendant on its administration will, by doing incalculable harm to business interests, defeat the object which it is obviously the desire of the Government to attain.

MR. M. K. LO:

RISK OF KILLING GOOSE LAYING GOLDEN EGGS

The Hon. Mr. M. K. Lo said:—Your Excellency: My Honourable friend, the Financial Secretary, in his illuminating "Memorandum on the Financial Position 1938-1939 and the Estimates for 1940-1941", to which I shall have occasion to refer again, remarks:—"As last year, the revenue for 1940-1941 has been estimated generally on the assumption that the economic activity of the Colony will be maintained at not far short of its present level. This may prove to be over optimistic, especially since the outbreak of the war, but the whole outlook is at present so uncertain that no other firm basis for estimating the revenue presents itself."

With the inevitable dislocations of trade caused by the war, and by the various measures dictated by Imperial war economy, and with new taxation under the proposed War Budget, I confess to a strong feeling that the Financial Secretary's fear that the assumption on which the revenue position is based may be over optimistic will, unhappily, prove only too true.

I wish, therefore, to state that, in assenting, as a member of the Select Committee, to the Budget now before the Council, I have paid due regard to the Financial Secretary's statement in this Council on the 12th October, 1939 that the programme of Public Works Extraordinary and also the many items of special expenditure appearing in the individual Heads of Estimates, although approved by this Council and the Secretary of State, would not be automatically carried out if the revenue position did not justify the expenditure.

WAR VICTIMS' RELIEF

The above, Sir, is all that I have to say on the General Budget, except to renew a plea which has already been made by me in the last two successive Budget Debates in this Council. The plea, Sir, is that Government may be kind enough to make a substantial grant for providing charitable and medical relief to the Chinese on account of the Sino-Japanese conflict.

As I have previously pointed out, such relief is in a humanitarian cause which transcends any consideration of mere "profit and loss". But, speaking in this Council on the 13th October, 1938, I was able to show, on the high authority of the Financial Secretary, that in respect of 1937 the revenue benefited to the extent of over \$4,400,000 by the Sino-Japanese conflict. Since then very striking figures have been revealed by the Financial Secretary's Memorandum, to which I have already referred.

Taking, first, 1938. When the Estimate for Revenue was first framed, Revenue was put at just over 30½ million. The actual revenue exceeded this estimate by \$6,480,935.00, and this excess is attributed by the Financial Secretary "to the increase in the activity of the Colony which prevailed, owing largely to the Sino-Japanese hostilities and the large increase in population due to the same cause."

On the other hand, the original expenditure, put at \$33,379,549, exceeded the estimate by \$3,796,349.00. But of this excess the Financial Secretary points out that \$2,203,216.00 was in respect of unallocated stores, loans and Military

Contribution, due to changes in the accounting system, leaving an excess of \$1,593,133.00 in respect of all other Heads. But the only items that can fairly be attributable to the Sino-Japanese conflict are Head 22, Medical Department (epidemics and larger population \$229,513.00), Head 29, Charitable Services (relief of refugees \$245,555.00), Head 34, Public Works Extraordinary (construction of refugee camps and acquisition of property \$622,052.00), amounting to \$1,097,120.00.

The net gain to the Colony is therefore \$5,383,815.00.

Coming, now, to 1939. The original estimated revenue was put at \$36,097,325.00 (including \$839,704.00 transferred from Government House and City Development Fund). Now this estimate was obviously framed on the basis of the continued operation of the same factors which brought about such striking increases to the Colony revenue in 1938. If this argument is sound, as I think it is, then it can be fairly stated that the net gain to the Colony in 1939 must be approximately the same as in 1938, on the basis of the original estimate, less any increased expenditure which had not been taken into account in the Estimate of 1939 Expenditure. Of the latter, as shown in Table 3 of the Financial Secretary's Memorandum, the only item I can find relates to Head 5, Charitable Services (relief of refugees), in respect of which the excess over original estimate amounts to \$1,241,736.00.

NETT GAIN TO COLONY
The net gain to the Colony for 1939, on the basis of the original estimate, is therefore, say, roughly \$5,000,000.00 less \$1,241,736.00, i.e. \$3,758,264.00.

But the revised estimate of revenue of \$40,475,248.00 shows an excess of \$4,377,923.00 over the original estimate, and if the sum transferred from Government House and City Development Fund (\$839,704.00) is deducted from this increase, the increase as shown by the Revised Estimate amounts to \$3,538,219.00.

The total net increase to the Colony, attributable to the Sino-Japanese conflict for 1939 is therefore \$7,296,483.00.

The gain to the Colony in respect of 1937-1938 is ascertainable and, on my calculation, amounts to a total of \$17,080,298.00. The gain for 1940-1941 can only be an estimate, based on the estimated Budget figures.

Coming, then, to the prospective revenue and expenditure of 1940-1941. The estimated revenue, which

"has been estimated generally on the assumption that the economic activity of the Colony will be maintained at not far short of its present level", is put at \$50,881,470.00. It is therefore fair to assume that the net gain to the Colony arising from the Sino-Japanese conflict will not be less than in 1939, namely, \$7,296,483.00, plus a quarter of this amount for the 3 months in 1941—\$1,824,120.00, making a total of \$9,120,603.00, less any increase in expenditure attributable to the same causes not budgeted for in 1939.

Of the latter, as shown in paragraph 11 of the Financial Secretary's Memorandum, the only item I can see which is directly attributable to the Sino-Japanese conflict is under Head 5, Charitable Services, which shows an increase of \$224,749.00, being "increased grants to the Tung Wah Hospital and for relief of refugees". Moreover, I note from Part 2 of the Financial Secretary's Memorandum Head 5, Sub-Head 23, that the amount of \$250,000.00 provided for relief of refugees at the present rate of outlay, will not suffice for more than six months.

If, therefore, we increase this amount to, say, \$625,000.00 to cover the whole period of fifteen months, plus the whole increase of \$224,749.00, totalling \$849,749.00, and subtract this total from the net increase of \$9,120,603.00, the resulting increase to the Colony revenue for 1940-1941 is \$8,270,854.00.

If my calculation is right the financial gain to the Colony arising from the Sino-Japanese conflict, in respect of the period 1937 to the end of March, 1941, comes to the stupendous figure of \$25,351,152.00.

BRITISH FUND

Honourable members may be interested to know that the total subscriptions received up to October, 1939 by the British Fund for Relief of Distress in China, Hongkong and South China Branch, amount to \$491,874.70, and that the amount of expenditure already sanctioned comes to \$406,176.11. This Fund, of which Your Excellency is Patron, is non-political, and purely philanthropic. The flow of subscriptions to the Fund seems to be rapidly drying up, whilst calls on its resources are continuous. May I, therefore, venture to express the strong hope that Your Excellency will see fit to making a substantial grant to this Fund as a friendly gesture of the Colony towards the indescribable sufferings of the Chinese?

I now turn to the War Budget.

The Prime Minister, in the House of Commons, on October 12 stated:—"It is not with any vindictive purpose we embarked on war but simply in defence of freedom. It is not alone the freedom of a small nation that is at stake. There is in jeopardy the peaceful existence of Britain, the Dominions, India and the rest of the British Empire, France, and indeed all freedom loving countries."

This quotation bears eloquent testimony to the force and meaning of Your Excellency's observation in this Council on the same day, that "this is every whit as much our war as it is Britain's". And the complete realization of the implication of this war on the part of the public is reflected in its ready acceptance of and full-hearted co-operation in all the varied measures which Government has found it necessary or desirable to introduce in this Colony, although many, if not all, of them must have a restrictive effect on business.

That residents in the Colony—irrespective of their race and nationality—should have to bear

some financial sacrifice, in order that a contribution might be forthcoming to the Imperial War Chest, fitting from the point of view of the Colony as a vital part of the British Empire and worthy of a Colony which yields to none in loyalty and devotion to the Crown, is inevitable. Indeed, they should welcome the opportunity of making such a contribution, for it is unthinkable that they would be content to render mere lip service to a cause, the result of which must have such a significance to Civilisation.

COMPLETE UNANIMITY

I am certain that there is a complete unanimity amongst all sections of the community on this point. A recollection of the part which this Colony took in the 1914-1918 war—including the splendid response of its citizens to appeals for war charities and war loans, and the voluntary presentation to England of two Service aeroplanes by certain Chinese residents—renders it impossible for anyone to entertain any doubt of the Colony's attitude in this matter.

But I feel it my duty to make it quite plain that, in my view, the reason why the people of the Colony desire so keenly to "do their bit" is because they are animated by sentiments which I have just endeavoured to express, and not because they agree with the statement, which has been made in this Council, that the Colony is lightly taxed, nor because they can regard as otherwise than superficial the comparisons, which have also been made in this Council, between the crushing burden laid on the British tax-payer and the light burden imposed on the Hongkong tax-payer.

Before coming to the Colony's contribution I wish to deal shortly with both of these points. Sir, there are no data which lead me to think that the Colony is lightly taxed in relation either to the social services available, or to the taxable capacity of the Colony.

I propose to touch on the question of local social services later on in my remarks. In the meantime, I must concede that this question is complicated by the peculiar position of the Colony with its large fluctuating and migratory population.

TAXABLE CAPACITY

As regards the taxable capacity of the Colony, it seems to me that an important point which requires expert investigation is as to how much of the Colony's wealth is in the hands of the permanent resident, and how much of it is fugitive and can be driven away by burdensome taxation.

From the earliest Hansard which, thanks to my Honourable friend, Sir Henry Pollock, happens to be in my possession—that for 1906—I notice that the estimated revenue for 1907 was under 5½ million. By 1915 the revenue was nearly doubled. In 1930 it nearly reached the 28 million mark, and from then to 1938 it fluctuated between 28 to 33 million. The average yearly revenue for the past 10 years works out at 32½ million.

I venture to think that no one who has studied the Budget figures of past years can fail to experience a sense of concern and dismay at the colossal rise in the cost of Government, culminating in this year's 40 million dollar Budget, or to ask himself anxiously whether the Colony's expenditure is not reaching, if it has not already over-reached, the Colony's taxable capacity.

Those who care to read the 1906 Budget Debate will find it interesting reading. They will find, too, that the slogan "Hongkong is lightly taxed" was already current

RELIEF ASKED FOR CHINESE WAR SUFFERERS

in those early days! The estimated revenue for 1907 was \$5,202,135.00, which apparently represented a somewhat serious decline on the previous year's revenue. The following quotation from Sir Matthew Nathan's address gives an interesting historical background of the Colony's revenue position, and constitutes not an unworthy guide to us as to how the Colony's financial difficulties should be met in times of adverse trade or economic uncertainty:—

"Before going into the long array of figures which I have on my notes, I think it will meet your wishes if I explain generally how it is proposed to meet that decline. There are three methods open to us. Either to raise further loans, or to increase taxation, or to reduce expenditure. I am strongly averse to raising additional loans at the present time. I am also averse to increasing taxation. It has been pointed out to me that this colony is very lightly taxed, and I by no means promise that I shall not on some future occasion propose additional imposts, but at a time like the present one when trade is bad it does not seem a suitable one at which to add to the burdens of traders. There remains a reduction of expenditure, and that is the method which it is proposed to adopt. We must cut our coat according to our cloth. It must necessarily be a simple garment but I hope when I come presently to try it on you, you will agree with me that it is a fairly serviceable one in which the Colony need not feel ashamed to appear next season. It is somewhat of a tight fit, but if we adhere to the estimates we have framed we shall remain in the same sound financial position at the end of 1907 as I am happy to say we shall be in at the end of 1906."

As regards comparisons between Great Britain and Hongkong I submit, Sir, that however flattering it may be to compare the Colony with the Mother Country, the greatest and wealthiest democratic country in Europe, no useful comparison between the two places from the point of view of fiscal incidence can be fairly made, having regard to the radical differences in government, institutions, economic resources and social conditions.

PATH OPEN TO ALL

In England the amount spent since the commencement of this century on Health, Education, Housing and Social Services—Unemployment Benefits, Poor Law Relief, Old Age Pension, Industrial Insurance, etc.—amounts to astronomical figures. From the primary school to the university, thence to the highest post in the State, the path is open to the poorest lad with brains. Here is a pen-picture of post-war England by Professor H. A. L. Fisher, in his "History of Europe" (page 1210):—

"At this time the British people bore without repining a burden of taxation heavier than that of any European country. The annual service of the debt charge alone amounted to more than 300 million sterling. Fifteen years after the end of the war the State levied 4s. 6d. in the pound on the income of the taxpayer irrespective of the supertax on incomes exceeding £2,000 a year. Yet it is characteristic of the democratic spirit which prevailed in the country that, despite bad trade and crushing taxation, the level of the social services, higher than that which prevailed in any other country and more expensive, was not seriously lowered. That the health, the education, and the housing of the

people should be well cared for was common ground with all parties in the State."

WIDESPREAD H.K. POVERTY

We are naturally proud of the wonderful progress which the Colony has made under British Rule within the short space of a century. And yet what is its position today? Substantially a non-producing country, the Colony still depends mainly on its being an entrepot for its continued prosperity. Though there are undoubtedly known rich people, and also people whose riches are unknown because concealed, sheer poverty is general and widespread.

On the question of prevalence of poverty I need hardly dwell, for it is a painful fact, well known to all social workers. Only at the beginning of this year the Honourable the Director of Medical Services, in his inaugural address before the newly reconstituted Nutrition Committee, pointed out that on account of malnutrition, which is a concomitant of poverty, more than one child out of every three died last year before attaining the age of one year, as compared with one in twenty in England.

We have no hospitals for children. Indeed, our hospital accommodation is utterly inadequate, and the overcrowding in the Chinese hospitals is, though inevitable, a standing disgrace. The problems of compulsory education (and even of Government-provided primary education), and of juvenile delinquency, are still a long way from being solved. With thousands of deaths from tuberculosis we have as yet not been able to find the means to build a properly equipped sanatorium. For lack of funds we have not begun to tackle the problem of slum-clearing. We have no Old Age Pension, no Poor Law. We have no Air Protection for the masses.

Since Your Excellency's arrival in the Colony you have spared no effort in providing and increasing social amenities for the Colony in every direction possible, and the Colony owes Your Excellency a very heavy debt of gratitude. But the list of omissions is necessarily still formidable.

As the "South China Morning Post", in its leading article published on the 13th October, 1939, pointed out:—

"The upper ranks of the Government Service are not open to the Hongkong citizen: he has no vote nor does he enjoy the full privileges of a British subject—his nationality is only stressed for taxation purposes. The Colony is predominantly Chinese. It has therefore a dual allegiance and a dual commitment. These have emphasised themselves in the Far East war that has been raging for two years—a war which has profited some in the Colony, but bled the majority through many economic wounds. No other part of the Empire has suffered this strain."

SENSE OF INJUSTICE

In connection with the above I feel it my duty to give expression to the sense of injustice felt by many of the companies incorporated in Hongkong which carry on business in Shanghai, Hankow and other parts of China. By the Defence (Finance) Regulation 3B, Government has the right to acquire certain foreign currencies from every British subject (as defined) resident in the Colony, and certain duties are imposed upon such a British subject. By this Regulation "British Subject" includes every company incorporated in the British Empire.

During the Sino-Japanese conflict companies of the class I have mentioned have sought protection from the British Authorities, but

such protection has always been refused on the ground that such companies, though registered in the Colony, are not entitled to protection. In one case to my knowledge a company incorporated in Hongkong, which is a "British Subject" as defined by the Regulation, has properties in Canton, Swatow and Toisan, which were either burned or looted, or both.

I have discussed these points—the lightness of Hongkong taxation and the relative burdens between the British and Hongkong tax payer—not for the purpose of finding excuses for us to try to "get out cheaply," but of showing that, in my submission, we should approach the question of the Colony's contribution to England as a matter of patriotic duty, freed from any self-reproach that we have been too lightly taxed, and untroubled by any comparisons made between Hongkong and elsewhere. I therefore approach the question in this spirit.

First, as to the amount of the contribution.

It must be appreciated that a gift to Great Britain of seven or eight million dollars, as suggested by the Hon. Financial Secretary, can be only a gesture of the Colony's patriotism and of her willingness to "do her bit" as a part of the British Empire. That sum represents only a few hours of the Imperial War Expenditure, and nothing that the Colony can give can be of any material financial assistance to England. This being so, I feel the less reluctant to discuss the quantum of the proposed gift in relation to the Colony's capacity.

A gift of \$7,000,000.00 represents 21.5% of the yearly average revenue for the past ten years of 32½ million. If to this amount we were to add the special Defence expenditure of 2½ million, and the Military Contribution of 6 million, the total amount would come to \$15,250,000.00, which is 46.9% of the yearly average of 32½ million.

TOO MUCH

I cannot help thinking that the gift is too much for the Colony, having regard both to the Colony's position and to the Imperial needs at the present time. I venture to think that for 1940, and until the Colony's position becomes a little more clarified, the gift to England should not exceed \$3,000,000.

As we are all agreed that the Colony should make the best contribution of which it is capable, the problem confronting this Council resolves itself to one of finding the best means of raising the money.

Since the underlying idea is a free and spontaneous gift by the Colony to England, and not a tribute to be exacted from an unwilling population, the following broad principles should, in my opinion, govern the choice of means:—

- (1) That, if possible, the means chosen should not involve a violent departure from the Colony's fiscal policy, which has been in existence for nearly a century; and
- (2) That the means adopted should command as much popular approval as possible; at least it should not go counter to deep-rooted and fundamental objections of a substantial portion of the community.

Moreover, it seems to me that the amount of the gift should be subordinated to the means available, based on the above principles, rather than that the means should be adopted in violation of those principles for the sake of obtaining an arbitrarily decided amount. Accordingly I am bound to say that I do not agree with the Government view that the imposition of an income tax is by far the most

suitable means to give effect to the natural desire of everyone to bear his just burden for the common cause, for it violates both of the principles I have suggested.

STRONG MEMORANDUM

There can be no reasonable doubt that views opposed to the introduction of income tax have been consistently held by many people in the Colony for at least a quarter of a century. Moreover, the Chinese opposition to this measure must be well known to Government.

When the idea of an income tax was mooted in connection with the 1914-1918 war the then Senior Chinese representative, on this Council, the late Mr. Lau Chu Pak, wrote in to Government a strong memorandum against it. My Senior colleague on this Council, on the 10th November, 1938, in anticipation of the appointment and report of the Taxation Committee, expressed himself strongly against it.

As a member of the Taxation Committee which reported to Your Excellency on the 5th April, 1939, I myself sent in to the Committee a memorandum setting out in detail my own objections. Some of the grave doubts which are widely felt as to the possibility of the successful administration of an income tax in the Colony were summarised in the Taxation Committee's report, which include the following:—

- "3. The migratory nature of the Colony's population, and the extremely mixed taxable community, with greatly differing standards of living, make Hongkong unsuited to the tax generally.
- "4. Many benefits are still to be derived from preserving the Colony as a haven for 'refugee' capital. The Colony's prosperity depends to a large extent on the fact that it is the entrepot of China, a free port, without income tax and without excessive taxation. An unwise fiscal imposition may well upset this precarious prosperity."
- "5. Economic and industrial development—particularly of small factories as yet in their infancy—would be seriously affected."

The Committee, whilst recommending the introduction of income tax in a certain eventuality "if it be considered that the tax is capable of successful administration in the Colony", felt it necessary to qualify this recommendation in five ways, specified in the report, from which I merely quote two:—

- "(a) The possibility of the successful working of the tax should first be the subject of a detailed investigation with the assistance of an expert, preferably familiar with the collection of the tax in an Eastern country.
- "(b) We feel that it would be unwise to impose a tax of this nature until a substantial body of opinion in the Colony believes that the tax can be levied fairly and efficiently."

UNPROFITIOUS

Should some of the misgivings regarding this proposal, which are indicated in the Taxation Committee's report, prove to be true, then the Colony might well suffer a setback from which it might take her a very long time to recover. At all events it is difficult to imagine a set of circumstances more unpropitious than that now obtaining for trying out an extremely controversial fiscal experiment, with its dangerous potentialities.

The Chinese in the Colony, who constitute some 97% of the population, have, for over two years, been going through a severe financial

FINANCIAL SECRETARY REPLIES TO CRITICISM

strain in order to render badly needed assistance to their Mother Country in her hour of need. That there is a depressing uncertainty in the Colony's whole outlook is the authoritative view of the Financial Secretary himself.

The fortuitous increases in the Colony's revenue serve but to cloak the unsatisfactory position of the Colony's economy. The flight to the Colony of "refugee" capital during the last two years or so is due no doubt to Hongkong being "a free port, without income tax and without excessive taxation." Its maintenance in the Colony depends on a delicate equilibrium of confidence and of opposing and competitive financial attractions and drawbacks, which may easily be upset.

With the dislocation and diminution of trade caused by the war, and by the necessary war measures, with unemployment caused by the closing down of enemy businesses, with a "dead" property market, and a "moribund" share market, with a low dollar and rapidly increasing costs of imported goods and a concomitant increase in the cost of living in general, and in face of reduced earnings—the outlook for the Colony is indeed bleak.

I am satisfied in my own mind that the Colony's contribution can be raised by other means without incurring the risk of "killing the goose that lays the golden egg".

I may incidentally point out that other alternatives will obviate the expenditure of an annual sum of \$320,000.00 which would be required as administrative charges for the collection of income tax.

Sir, it is my personal conviction that income tax is not suitable for Hongkong, and cannot be equitably administered; that administrative charges will be excessively high; that it will cause untold irritation and inconvenience to the public; and that it will do irreparable harm to the Colony. I am therefore opposed to its introduction.

May I, in conclusion, express the strong hope that Government will find it possible to adopt other alternatives so as to enable the Colony to make, as a humble gesture of its loyalty and devotion to the common cause, a contribution which, though insignificant in terms of sterling and of the Imperial expenditure, should be all the more acceptable to the Mother Country because it has been raised by measures which command general approbation?

ing the Council with more figures I can confidently assert that I know of no Colony where the general level of taxation in relation to income is lower and no more than one or two where it is as low.

In any case my Hon. friend has not pressed his view to the point of denying that the Colony ought to raise more revenue for war purposes.

I cannot emphasise too often the apparently general agreement on that issue because it relieves one of the necessity to answer such objections to Income Tax as that it will injure business by increasing charges and costs. That must be true of the raising of the same amount of revenue by any other means and if we are weighing income tax against other alternatives, objections of that nature must weigh down each scale equally.

In fact, it is the general opinion of economists and is amply borne out by experience elsewhere, that income tax constitutes less of an addition to the true costs of a business than any other form of taxation.

ABSOLVED FROM LENDING
One other suggestion which has not been put in its extreme form in this Council is that we are absolved from lending any more assistance to the Imperial Government because we make a regular Defence Contribution in peace time. In effect, Hongkong is to be in the Empire on a basis of limited liability.

What do honourable members imagine would be the effect if the taxpayer at home had said "we have paid to keep up an Army and Navy in peace time and we shan't pay any more now?" The present war would have been lost by now and if that policy had been pursued in the past there would have been no British Empire and no Hongkong.

TRADE DEPRESSION
Turning more directly to income tax, a suggestion which has been given a good deal of prominence is that because the Colony is alleged to have been suffering during the last two years from trade depression consequent on the Sino-Japanese hostilities the imposition of income tax would be an intolerable burden.

I find that argument almost impossible to understand. I am not going to discuss in detail whether there has been any such trade depression. The increase in the Colony's revenue by approximately 25 per cent. since 1937, the increased dividends paid by practically all the local companies and the analysis made by my honourable friend Mr. Lo in his speech this afternoon all point in an entirely opposite direction. But if it were true that nobody has been making any profits for the last two years I cannot see where the burden of an income tax comes in.

INCOME TAX
The great beauty of an income tax is that if you have no income you pay no tax, and if it were really true that the business man and the property owner had been making no profits the only people who would remain liable to income tax would be Government officials, for whom I am surprised to find such active public sympathy.

More seriously, the question whether profits are now as large as they were some time ago affects not the equity of the tax but its probable yield. If the gloomier views which have been put forward

are justified Government may be disappointed in the yield, but those people who have not been making profits will not be called upon to pay any income tax.

I would interpose at this stage that I can think of no other tax which could equally well be guaranteed to avoid hitting the unfortunate business man who has made no profit.

UNEQUAL INCIDENCE
Another general complaint has been about the alleged unequal incidence of income tax. In this category are included a large number of complaints and objections on matters of comparatively minor detail, such as that the exemption limit is too low or that the personal allowances should be increased, or that other allowances should be given for various kinds of expenses or liabilities.

Obviously no objection of principle can exist to making adjustments in those allowances if so advised by the very representative Committee which Your Excellency has set up to examine these and other details. If I may carry the war into the enemy's camp again, another beauty of Income Tax is precisely that such adjustments can be made in a way which is impossible with any other tax.

FREE HOUSES
Questions have also been asked as to whether such and such perquisites of Government officials and others are to be taxed, for example, free houses. Provisions laying down the treatment of such perquisites are contained in the draft bill now being examined by the Committee, and if they are thought to be inequitable they can be changed.

Other inquirers have asked whether the income tax assessment would include the squeeze upon which so many of us, official and unofficial, are popularly supposed to live.

It is the dream of every zealous income tax official that he will some day find a conscientious burglar who will make a full return of the profits of his profession.

I have no doubt that he would similarly welcome a full disclosure from the recipients of squeeze, but I fear that he will have to wait until those members of the public who claim to possess full information on the subject are kind enough to communicate it to the authorities.

OTHER PROBLEMS
The other problems of assessment of income and allowances are primarily matters of the drafting of legislation and will no doubt receive the due attention of the Committee.

The third general class of comment relates to evasion. That people will try to evade taxation of any kind is certain, but there are means open to Government for detecting many kinds of attempts at evasion, and this matter also is largely one for discussion by the Committee which is examining the draft legislation.

In the course of the long period during which income tax has been in operation in the United Kingdom, a very great variety of methods of evasion have been tried and a great many ways of detecting them have been developed.

TAX-DODGERS
I do not suppose that the would-be evaders are going to publish their methods, but at any rate the methods announced by those persons who claim to be au fait with the intentions of the evaders are

MR. SIDNEY CAINE:

Income Tax Best Fitted To Secure Equitable Distribution Of Burden

The Hon. the Financial Secretary said:—

Your Excellency.—The Council has heard three speeches putting very ably certain objections to income tax and it seems desirable that the case which exists on the other side should be stated at this stage rather than at the end of the debate when there will be no opportunity of further rejoinder by any unofficial member.

I regret that I shall have to take up a great deal of the Council's time, but I do not apologise for it, because the issue is of such importance and complexity that it would be wrong to attempt to deal with it briefly. In fact I propose, with your permission, to refer not only to comments and suggestions which have been made in this Council but to others which have been given publicity elsewhere.

PRESS SUGGESTIONS

If I reply somewhat caustically to some of the suggestions made in the Press I trust that honourable members will realize that I am not suggesting that there are suggestions to which they would lend any support.

Furthermore, any vigour I may use in expressing the case for this measure should be interpreted not as an indication that Government is determined to carry it through against all opposition, but as an attempt to convert opposition which is thought to be misconceived. Finally I want to show that the proposal was not brought forward without a due weighing of its consequences.

WILLING TO CONTRIBUTE

I start from the assumption which has been so fully confirmed by my honourable friends among the unofficial members that there is a general willingness and desire to contribute substantially to the revenue of the Government in order to enable the Government to lend assistance suitable to the

resources of this Colony towards the prosecution of the war.

I do not propose, therefore, to deal with the view expressed in some quarters, the upshot of which is that the Colony is not in a position to pay extra taxation whatever.

LIGHTLY TAXED

I cannot, however, allow to pass quite unanswered the attempt of my Hon. friend Mr. Lo to refute the statement that the Colony is lightly taxed. That statement is not intended to refer to the obvious fact that the taxation per head of population is a fraction of the taxation per head in the United Kingdom. That is inevitable because the standard of living of most of the population is so much lower. What is meant by the lightness of taxation here is a comparison between the taxes paid here and elsewhere by persons in receipt of comparable incomes.

On that basis one has only to consider the various taxes one by one; the percentage of rent paid in rates is about one-third of the average in England; tobacco, liquor and petrol duties are lower than in England or in most Colonies; in the United Kingdom there is a general tariff, a standard customs duty of 10 per cent. on all ordinary imports, in nearly all other Colonies there is a similar tariff except that the rate is more often 15 per cent. and upwards, while here there is no general tariff at all; death duties are at a lower rate here than in the United Kingdom; Hongkong has at present no Income Tax, whereas Income Tax in the United Kingdom rises from the standard rate of 7/8 to no less than 17/- in the £ on high incomes, and income taxes at various rates have existed for many years in a number of Colonies.

COLONIAL FINANCES

It has been my business for years to study Colonial finances and without burden-

GOVERNMENT READY TO STUDY MODIFICATIONS

not different from the ordinary stock-in-trade of the tax dodgers all over the world.

I have never denied personally that this question of prevention of evasion is by far the greatest problem in the administration of income tax, whether here or anywhere else, but I see no reason why it should be less capable of solution here than in other countries.

We are being constantly told that income tax has failed in this country or that. All I can say is that in those British countries where it exists today, that is not the official view; and there has been a steady increase in the number of countries in which income tax exists and in the reliance which is placed upon it in those countries as one of the most important sources of revenue.

TALK OF EVASION

There is only one other thing which strikes me in this talk of evasion—it is notorious that other taxes are evaded to a greater or less extent: e.g. import duties on tobacco and liquor are certainly not 100 per cent effective; and from time to time Government is obliged to institute prosecutions or failure to pay, say the stamp duties or wireless licences.

It does not occur to anybody, however, to suggest that these taxes should be abolished because they are not quite 100 per cent effective, and if the suggestion is made in the case of income tax I cannot but suspect that it covers some other motive.

A good deal has been made of the alleged enormous expenditure on the collection of income tax. The closest estimate of cost we can now make is something between three and four lakhs per annum, practically all of which, of course, will be for the staff required. This is in the first place, a very small percentage of the expected yield.

It will moreover in present circumstances be only to a small extent expenditure on new staff since we expect to draw the majority of the staff required from other branches of the Government service whose activities will have to be reduced to some extent and whose leave is, under present arrangements, being drastically curtailed; so increasing the number of available officers.

EXTRA EXPENDITURE

It is objected that the tax will cause a great deal of extra private expenditure particularly in the keeping of accounts and preparation of returns. The ordinary man will not need any expert assistance in the preparation of his returns unless he is seeking to avoid taxation.

The officials of any income tax administration will be perfectly willing to give quite honestly any advice which may be required by the individual as regards the allowances to which he is entitled.

As to business firms the extra expenses would be small except in the case of firms which do not now keep any accounts at all.

For those firms I can only suggest that the necessity of compiling accounts for income tax purposes should be a blessing in disguise and not a matter to be regretted.

I might here refute the general apprehension that the keeping of accounts in English and the rendering of returns in English will be obligatory;

no such intention has ever existed.

MAIN OBJECTION

The honourable the senior Chinese member has made comments on question of administration which form the main basis of his object in principle and which I therefore want to comment upon in some detail.

First, with all respect, I do not believe in this mystery of Chinese accounting; nothing I have heard of it suggests that it is very different from the system adopted by small businesses in Europe as distinct from the complicated accountancy of big European firms; and the adjustment of such accounts for income tax is common routine.

Secondly, I cannot follow him in his belief that humanity is divided into Chinese and the rest. The argument that income tax has never been successfully applied to Chinese is appealing, but what are the facts? As to China itself, it is surely obvious that the administration, for reasons I need not elaborate, is too weak to enforce any such tax; but there are other laws which are not enforced in China which we still make a fair show of enforcing here.

IN SINGAPORE

As to Singapore, I have it on very good authority that the enforcement of income tax was never really seriously pursued.

Lastly Mr. Chau has not mentioned one place where a large community of Chinese does, I am reliably informed, pay income tax and where the authorities have developed what they regard as a satisfactory system of examining Chinese accounts, that is the Netherlands East Indies.

FLIGHT OF CAPITAL

The last main group of objections to income tax are of a kind which Government ought to weigh very seriously, if they are in fact true: i.e. that the imposition of an income tax will drive business and capital away from the Colony.

I may say that before the proposal was brought forward in this Council at all Government consulted certain leading business men and was assured that an income tax at the comparatively low rate proposed would not have any such effect. I still believe that that advice was entirely sound.

Again I would like to remind honourable members that this is a tax on income and not a tax on invested capital as such or on the conduct of business as such.

The imposition of income tax will impose no hindrance to the setting up of a business here, and if that business is not successful it will pay no tax. If it is successful I do not think that the man who started it will go away because he finds that he has to pay a proportion of his profits to Government.

Again, that is not true of any alternative tax: increased rates, a sales tax, higher charges for electricity and telephones would all be burdens on a new business from its very commencement and whether or not it was profitable.

HONGKONG ADVANTAGES

Hongkong has had and still has certain advantages to offer to business and manufacture, i.e. security, almost unique harbour facilities, an administration which we can claim to reach high standard of honesty and impartiality, and freedom from irksome restrictions.

These advantages will remain and when some of the wilder talk about the imposition of an income tax has died down I do not believe that the enterprising business man will refrain from coming here to make a profit merely because that profit will not be quite so large as it might have been.

It is, however, alleged that the existence or prospect of an income tax will drive capital away from the Colony and is in fact doing. There are few things about which more nonsense is talked than about capital being removed from a country.

The bulk of the capital invested in Hongkong is invested in plant and equipment of all kinds, for example, the cables of the telephone and electricity companies which cannot very well be removed from the Colony. All that can happen to such property is that the owner of it can sell it to somebody else.

INCOME WILL REMAIN

The income from it, however, will remain liable to Hongkong income tax if it is imposed, and it is a matter of indifference to Government whether that tax is paid by the existing owner or by somebody else who buys his property from him.

I do not deny that there are other kinds of capital which can be removed. The principal type of such capital is actual cash balances which may be placed on deposit with banks or other financial institutions and which undoubtedly have come to Hongkong as a temporary safe resting place.

It is obvious that a non-resident who holds such deposits in Hongkong might be tempted to transfer them elsewhere if he had to pay income tax on the interest received from them, and the transfer of such deposits might do the Colony harm.

BANK INTEREST

For that reason the Bill which is now being examined by the Income Tax Committee provides that bank interest payable to non-residents shall be exempt from income tax.

It is alleged not merely that the existence of income tax will drive capital away in the future but that the prospect of it is already doing so. I do not know where that information is obtained.

Movements of capital are notoriously difficult to detect and I can only go by such indications as are available.

In the first place if a lot of people were selling Hongkong dollars one would naturally expect the exchange rate to go down, within the limits permitted by our stabilization arrangements; in fact, however, anybody who has dealings in the exchange market will know that the effective market rate has been for many weeks at just about the highest point at which the banks can fix it under those arrangements.

HONGKONG DOLLAR

That does not indicate any flight from the Hongkong dollar. Secondly, the returns which Government is now receiving of exchange transactions, details of which it is impossible to publish, do not indicate any such substantial flight.

Thirdly, if a nervous shareholder were trying to avoid payment of income tax on Hongkong investments he might be expected to sell his shares in Hongkong companies.

In the last four weeks the prices of the principal Hongkong shares have moved hardly at all; but what movements have occurred show an average increase of about 1½ per cent.

These are the only indications from which I personally can form any judgment as to whether capital is leaving the Colony and they suggest that it is not.

GOVT. DOES NOT KNOW

No doubt I shall again be told that a great deal is going on which Government does not know about and I can only repeat that it is impossible for the Government to know things if the people who claim to have the information do not take the trouble to communicate it.

It is, I believe, asserted in some quarters that our entrepot trade makes income tax unsuitable. I say asserted because I have never heard any attempt to prove or even explain the statement. I have heard the echoes to a good many discussions about introducing income tax in various countries and it is curious how unanimous the opponents always are that their particular country is so peculiar that what work elsewhere will not work there; but the common plea is rather the opposite of this particular theory.

It is usually argued that income tax is not suited to agricultural countries but only to trading communities.

RE-EXPORT TRADE

Government is certainly not lacking in solicitude for the re-export trade, as our reluctance to impose the full system of exchange and import control demonstrates; and it is Government's view that the nature of our trade does make very undesirable many kinds of taxation and many restrictions, but I cannot see how that trade is damaged by a tax which imposes no hindrance whatever to the free inflow and outflow of goods, but merely asks the trader to account in due course for the profits of those transactions.

For these reasons I am very strongly of opinion that the economic consequences of imposing an income tax have been enormously exaggerated. I am more inclined to believe that because exactly the same prognostications of disaster have been made repeatedly in other countries, without ever having been realised so far as can be shown by actual facts.

Even with regards to the more fluid kinds of capital for which we have actually suggested special treatment it is extremely instructive to note that the high rates of income tax prevailing in the United Kingdom have never prevented enormous influxes of money to London when the nervous capitalist in Europe has thought that for the moment London would be a safer place to keep his money in than in any other financial centre.

SECURITY OF CAPITAL

I believe that the capitalist is more interested in the security of his capital than in small variations in the net returns upon it and if the security of Hongkong can be maintained, which after all is the fundamental reason for our selfish interest in the present war, I do not believe that capital will cease to come here.

Before leaving this aspect of the matter, however, I do want to emphasise that the Government is very ready to consider any modifications in the details of an Income Tax which will minimise such economic dangers as exist.

SWEEPING UP INCOMES WITH UNPOPULAR BROOM

The Committee on the Bill has in fact already agreed upon one important recommendation with that end and I myself have in mind to propose others, e.g., some special concession to newly established factories. It is therefore possible to hope that whatever foundation those apprehensions had in fact will be further reduced when the draft Bill emerges from the Committee.

ECONOMIC EFFECT

This whole question of the economic effect, moreover, requires examination by comparison with the effect of the possible alternatives to an income tax, which is the last matter I want to discuss.

The Government is very willing to consider such alternatives and certainly did not make the present proposal without having already considered a great many. I observe, however, that neither of my Chinese friends has made any specific suggestions for alternatives.

I suspect that the honourable Mr. Lo, at any rate, remembers our discussions in the Taxation Committee, on which he rendered such valuable assistance, and fully really realises the objections to other methods of taxation which led that Committee to advise unanimously that an income tax was in principle the best method.

WILD SUGGESTIONS

Of the suggestions which have been put forward some are extremely wild, such as the proposal to repudiate Government's pension liabilities to the extent of 50 per cent.; others would be trivial in yield and expensive to collect, e.g. duties on cosmetics, a system of Government lotteries, etc.

Still others while not hard to collect could not yield any very large sums. Among those I would include the suggestions of the honourable and learned the Senior unofficial member for surcharges on electricity, gas and telephone accounts.

Of suggestions which are capable of yielding a ready substantial revenue I start with the introduction of a general customs tariff.

CUSTOMS DEPT.

The cost of a customs department would certainly not fall short of that of an income tax department, and I am sure that I should have the support of all the big business houses in saying that the introduction of such a tariff and the multiple restrictions its collection would entail would do more damage to Hongkong trade, above all to its entrepot trade, than any income tax.

It is a very important additional defect of a general customs tariff that it necessarily taxes people according to what they spend, not according to what they receive; and it therefore bears more heavily on the poor man whereas I think we should all agree that any new tax to be imposed should bear more heavily on the wealthier members of the community.

That point had been very strongly urged by the Secretary of State. Precisely the same objection applies to the suggestion of a sales tax, which in addition I should expect to be peculiarly susceptible of evasion and particularly expensive to collect since it would involve detailed scrutiny of the accounts of all businesses including those innumerable small shops whose profits would be too low to bring them within the purview of an Income Tax department.

INCREASES IN DUTY

Proposals which have more to commend them in the way of simplicity are for further increases in the duty on liquor, petrol and tobacco.

As regards liquor and petrol the main objection to any such increase is that there is a point at which increased duty leads to diminished consumption, and it is probable that we could not get a very much larger gross revenue from these duties than we expect to get as they now stand.

The same applies in principle to tobacco, and there is the additional objection that that duty is in the main paid by the poorer class of the community.

In any case it is quite certain that any additional revenue that can be got from these duties would be very much smaller than the amount expected from income tax.

TAX ON DIVIDENDS

The honourable and learned member, Sir Henry Pollock, has suggested, inter alia, a tax on dividends of Hongkong companies. I would submit three criticisms. First, is it equitable to tax the limited liability company and not the partnership, to tax capital invested in local companies and not capital invested in companies registered elsewhere? Second, what is to prevent such companies transferring their registration to Shanghai and paying their dividends there even if the profits are earned in Hongkong? Third, and most important, it is one of the valid objections to income tax as a war tax that a part of the yield will be paid on income liable to United Kingdom income tax and will be recovered by the payers from the United Kingdom Exchequer; nearly all that income consists of dividends on Hongkong shares, so that a very high proportion of our receipts from such a levy, probably 50 per cent. would be drawn from the pockets of His Majesty's Government.

SIMPLEST METHOD

Finally, the simplest, and to many people the most attractive, method is to put it on the rates. That is certainly administratively practicable and the primary objection to it is on grounds of equity. It is suggested by many people that the addition to the rates would be borne by the property owner.

I confess that it seems to me unfair that he should be expected to pay the whole sum required, while recipients of large incomes from other sources are to be allowed to escape scot-free, and at the same time it seems to be far more likely to prevent further investment of capital in the Colony, if it really is the case that the property owner would pay.

In fact, however, I believe that a large part of such an increase in rates would be passed on to the occupier, i.e. once more in the main to the poorest class of the community. Moreover any increase in the cost of living accommodation will merely help to perpetuate the dreadful conditions of overcrowding which we all deplore.

GENERAL OBJECTION

The general objection on all these alternatives is that none of them approaches an income tax in the extent to which it can be adjusted to the capacity to pay of the individual, and therefore in fairness of the distribution of the necessary burden of taxation.

In that connection, I suggest

that there is something unfair in the criticisms of imperfection which are levelled against the suggested income tax. Because income tax professes attempts to adjust the burden fairly in a way that no other tax pretends to do it is hotly criticised because it does not reach 100 per cent. fairness.

I have already suggested that nobody thinks of demanding the abolition of other taxes because they are not free from evasion, and nobody thinks of abolishing the rates because the assessment do not correspond exactly with the periodical fluctuations in the actual rents of properties; but for income tax other standards are applied and it is practically suggested that unless we can guarantee 100 per cent. efficiency it will be grossly inequitable even to attempt that fair distribution of the burden which is rightly claimed for it.

If we are to choose between one kind of tax and another I would ask that we should not make the choice on grounds merely of convenience of administration.

It is of very real importance that any tax of the magnitude we are discussing should be levied not merely conveniently but equitably, and should be placed on the shoulders best able to bear it.

EQUITABLE TAX

I believe that no member of this Council will venture to deny that income tax is best fitted to secure an equitable distribution of the burden, and I think it would be discreditable to us all if we were to falter in the attempt to secure that ideal of justice and equity because of minor difficulties and expenses of administration.

I would like to close by pointing to that sentiment with a personal example. It so happens that none of the alternatives which have been suggested here or elsewhere would call for any appreciable sacrifice on my own part; only an income tax will really hit me. The same must be true of many others in the higher income groups.

Certainly I could not feel content if alternative taxation were adopted which merely diverted my share of the burden to others less able to bear it.

MR. S. H. DODWELL:

Government Saddled With Three Great Disabilities

The Hon. Mr. S. H. Dodwell said: Your Excellency—Though the Budget before us today is a heavy one considering the world situation, the explanations given to the Select Committee have satisfied me that it would be false economy not to proceed with the Public Works Extraordinary programme, unless our revenue shows signs of a serious decline. Should this occur, the contingency is satisfactorily covered by the assurance we have received that certain of these works will not be commenced without further reference to the Finance Committee.

At the same time, it is impossible not to be alarmed at the ever-increasing cost of Government, which in my view must continue to increase unless there is a radical change in the principles laid down for conducting the Colonial service.

A system which renders it almost impossible to dismiss an unsatisfactory servant, and which adheres tenaciously to the practice of promotion by seniority, is bad enough, but when to this is added the inequality of the terms of service in the different Colonies, which renders most difficult the very desirable transfer of staff from one Colony to another, the Government in my judgment is saddled with three disabilities which would speedily ruin any ordinary business concern.

RADICAL CHANGE

As Your Excellency is possibly aware, I have protested before now in this Council against the Government's policy of purchasing practically all their supplies through the Crown Agents for the Colonies, and very little through the local merchants who carry on the Colony's trade. The Government's reply is that the purchase of all Colonial supplies through one central organization is an economic and businesslike procedure, and one which is adopted by all business concerns with branches abroad.

In many respects I agree that this answer is unanswerable, and I am quite prepared to withdraw my

opposition to the policy, if only the Government would be businesslike in all directions.

Some radical change in regard to the three disabilities I have mentioned seems essential, and would so increase the efficiency of the whole service that substantial reductions in staff and overhead would result.

VEXED QUESTION

With regard to this much vexed question of Income Tax, I have listened with great interest to my Unofficial colleagues' remarks, and to the very able reply of the Honourable Financial Secretary who, in spite of the disabilities surrounding the transfer of staff that I have just alluded to, has in some miraculous way arrived here, and if I may say so, is most efficiently carrying out the duties of a new broom.

He is now quite rightly bent upon sweeping up some of our hard-earned incomes in order to devote them to the prosecution of the greatest of all causes, but he proposes to use a type of broom that some of us don't consider suited to the interests of the Colony.

As one of the business men originally consulted with regard to the imposition of Income Tax, I would say at once that my opposition to it did not arise until I later discovered the serious objections on the part of the Chinese community, who represent such a large proportion of our population.

LITTLE MISLED

I was also a little misled by the fact that my Honourable friend, Mr. M. K. Lo, signed the Tax Commission's report which, in spite of its qualifying remarks about Income Tax, I should hardly have expected him to do in face of the very decided views he now expresses.

I am at one with the Financial Secretary in repudiating the idea that the Colony's trade has suffered during the last two years. It has been quite abnormally prosperous, but is now showing very distinct signs of dwindling. During the last war, Hongkong's trade benefited rather than the reverse, but there is so much Government

MR. D'ALMADA STRESSES THREE OBJECTIONS

control of imports and exports and exchange, not as much here as in other parts of the world, and so much uncertainty about the effects of the Sino-Japanese conflict, that it is impossible to form a reliable opinion about the future. In these circumstances, I feel that it is an unpropitious moment to embark upon a doubtful experiment.

WELL-KNOWN INCIDENT

The Financial Secretary has alluded to the success which has attended the imposition of Income Tax in other places, and particularly mentioned the Dutch East Indies, where the Chinese are apparently paying up without demur; his reference to burglars reminds me of the well-known incident that occurred not so many years ago, of the wealthy Chinese merchant in Java who for years had been getting away with a return of 10,000 guilders a year, when his income was probably in the region of a million.

The tax collection department at last in desperation raided his office and seized all his books. He promptly engaged an adept burglar, who stole the books from the collector's office and burnt them. He then sued the Government for the loss of the books and obtained damages.

That however may be an isolated case, and in the event of Income Tax being introduced, I hope my honourable friend will not have to resort to such drastic measures.

TWO CONSIDERATIONS

I would like now to contradict the impression which seems to be circulating in the Colony that the Committee of the Chamber of Commerce, of which I am one, was neither in favour of making any contribution to the Imperial War Chest, nor of paying Income Tax themselves. Nothing could be further from the truth. The Committee was unanimously in favour of a substantial contribution, their share of which they have no desire nor intention to evade.

Only two considerations weigh with the Committee: firstly, will the introduction of Income Tax drive Chinese industrial enterprise and capital away from the Colony

and prevent fresh capital and industries coming to it, and secondly, will not the organization for collecting it prove too costly?

The Committee's answer to both these questions was in the affirmative. We attached little importance to the danger of industrial enterprise being driven away from the Colony, for the simple reason that most of it derives considerable benefit from Imperial Preference, but we came to the unanimous conclusion that the risk of a flight of capital was a very real one which should not be taken if our war contribution could be collected in some other way.

DIFFERENT FOOTING

In our position as a storage, distributing, and financing centre, with no mineral or agricultural wealth to speak of, we are on an entirely different footing to Ceylon and other Crown Colonies which have introduced Income Tax. Our trade is very largely dependent upon cheap money. In my own experience it has suffered very seriously on many occasions before from flights of capital, when interest rates have risen to 7% and 8% and seriously affected all industry and trade.

In the light of the strenuous opposition of our Chinese colleagues who fear that it will have this effect, I personally feel that it might be a dangerous experiment.

This may seem strange advice from one whose Company is registered at Home, pays Home Income Tax and Excess Profits Tax, and on this account was at a serious disadvantage during the last war. Nevertheless, it is my considered opinion unless we can get over the Chinese objections.

I recognize that none of us should rightly pass final judgment upon the subject until the Bill is before us and we know its terms. The Committee, now sitting, may succeed in devising some method of making it less objectionable to our friends. Under their terms of reference it is difficult to see how this can be achieved, but if it can, then the main objection I have to Income Tax will disappear.

There is another point which needs serious consideration before setting up an expensive collection department, which, if it is to do its work thoroughly I fear will almost certainly cost more than the 4 lacs mentioned by the Hon. Financial Secretary. I doubt if the Government really appreciates how large a proportion of the tax, if applied throughout the Colony, would have to be refunded by the Home Government.

I estimate that six large British concerns, apart from the purely local limited companies, would contribute a very substantial proportion of the tax collected from European British companies, and the great majority of their shareholders are in the United Kingdom. Finally, Sir, I realize only too well that opposition to Income Tax at the present moment sounds extremely unpatriotic, no doubt; particularly so to my Honourable friend the Acting General Officer Commanding, and the Services generally, who pay their 7/6d.

OBJECTION TO METHOD

So far as the European Britons in the Colony are concerned, I am confident that they are fully prepared to accept their responsibility in this matter and that all would gladly make their contribution through the medium of an Income Tax, provided that reasonable allowances are made, and that the tax is for the duration of the war. From what my Chinese colleagues have said, it is clearly not the payment of the contribution to which they object, but to the method of its collection. Conceivably of course the danger of a flight of capital may prove an exaggerated bogey.

We undoubtedly have a magnificent harbour and many attractions and facilities to counteract the imposition of the tax, but from my thirty years' experience of how little it takes to upset the delicate economic equilibrium of this Colony, I am convinced that there is a grave element of risk, and that in view of the difficulties of trading we are likely to have to contend with, it is one we should not take unless the Committee now in session can make the Bill palatable to the Chinese community.

As for my community, so far as I can judge from a preliminary examination of the draft bill, the scale upon which it is proposed to base the tax, together with the numerous allowances, ensures that few will be hard hit, apart altogether from the fact that we desire, as does everyone who has enjoyed the protection of the English flag and the privileges of living within the Empire, to help as much as we can in this War.

THREE REASONS

I object to this proposed tax, Sir, for three reasons. The first is the attendant danger, already mentioned, of the flight of capital from this Colony. While not convinced that this is the inevitable result of income tax, I am nevertheless certain that it is a danger well within the bounds of possibility, and once this is admitted, and it cannot be denied, then there can be no question but that a measure involving this risk is one that should be resorted to only when all other means of raising money have been tried and found wanting.

That this is far from the case is obvious from the numerous alternatives suggested to Government by representative and responsible bodies in this Colony, by the press, and by individuals sufficiently alarmed at the prospect to have filled the correspondence columns of more than one local paper during the last few weeks.

It must be remembered, as has been mentioned more than once since this tax was first mooted, that it is not being imposed on a colony enjoying a period of normal commercial prosperity. The "prosperity", if so it may be called, of the last two years or so, has been artificially brought about, and no one would care to predict its continuance for any length of time.

Our outlook is, at best, uncertain, and the most confirmed optimist cannot pretend that the present state of Far Eastern affairs does not give rise to serious misgivings on our part. Government in these circumstances must do nothing from which may arise a risk to the Colony's future.

IMPOSSIBLE TO ADMINISTER

I have two other, and these perhaps secondary, objections to income tax. One of them is the strong probability that in a mixed population such as ours, it will be found impossible to administer it equitably, so that while some will bear the full burden of it, others, and they are the vast majority, are so placed as to be in a position easily to escape it. And there is no reason to suppose that they will not avail themselves of this escape.

My third objection is the necessity for the creation of a new administrative department, not only because of the cost but because of its inevitable liability to bribery and corruption. I have in the past criticised the Police and Revenue Departments in regard to this. Prosecutions of members of the departments show that I am justified in my criticisms. An Income Tax Department, once created will quickly earn for itself an unenviable reputation for the same failing.

COUNSEL OF PRUDENCE

These in brief, Sir, are my objections to this proposed tax, and I have voiced them with the less hesitation because in doing so I am echoing the opinions of business men, men with years of experience in the commerce of this Colony, men who have come into more frequent and closer contact with the Chinese business community than any member of Government has come or can hope to come. Above all, Sir, I am convinced that in

MR. LEO D'ALMADA JNR:

There Are Less Expensive Alternative Methods To Secure War Gift

The Hon. Mr. Leo D'Almada e Castro, Jnr. said:—In view of present circumstances I do not propose to criticise the Colony's ordinary budget insofar as its public works expenditure is concerned, because at a time like this, when, as I believe, economy should be the watchword, whatever disappointment one may feel over the programme of public works must be borne in silence. But for the same reason I would be failing in my duty were I to pass over the figures connected with administration costs.

More than one unofficial member has in past years called these figures astronomical, and the epithet is more apt today than ever. One realises that with a growing colony must of necessity come a certain increase in the personnel of administration and consequently in its cost.

The objection lies not to this but rather to the fact that in recruiting its officers, Government does not give the Hongkong man the chance he deserves. I had occasion last year to complain that local men were not employed in the service as much as they should be. If reform in that direction was desirable then, its need today

is more evident than ever, on the score both of fairness to the community and of keeping down expense.

Government might well consider also the payment on a dollar basis of those of its junior officers who are engaged locally and who, while on probation, are paid in dollars. In their case there is no justification for an automatic transfer to sterling when they have proved satisfactory.

Conditions are such all over the world today, and the amenities of life in Hongkong are so much greater than they were say thirty years ago, that such a policy would not result, as might be feared, in

discouraging the right type of young man from joining. I am confident that on this much more economical basis, which would mean a saving both in actual pay and in passages, there would still be eager seekers after posts from the ranks of those who have spent their youth here and are the product of our local schools.

PORTUGUESE STANDPOINT

So much for our ordinary Budget. On the subject of the War Budget I am, like the rest of my unofficial colleagues, strongly opposed to the proposed taxation of incomes for reasons, which I shall give later. Before doing so, however, let me make it clear that, as in the case of my colleagues, my objections do not arise from self-interest. Nor are they voiced on behalf of the Portuguese community.

From the personal standpoint, indeed, few measures could be more welcome—it is obvious that the legal profession stands to gain considerably from its introduction, lawyers probably coming next after chartered accountants as persons whose assistance must of necessity be invoked by the taxpayer, whether he be willing or loth to pay. Were I actuated by selfishness, therefore, I would urge its immediate adoption.

OBJECTIONS NOT PROMPTED BY SELF-INTEREST

voting against this measure I am going right by our Colony because the Chinese members of this Council, who represent a community without which we could not hope to exist, have expressed themselves strongly against it.

When a measure of this kind and of such vital importance to Hongkong meets with opposition from so large and important a section of its population, when that opposition is based, as in this case, not on any unwillingness to contribute towards the cost of the war, but on reasons sincerely advanced, when there are

available alternative methods of taxation, less expensive and probably more speedy of yield, then, Sir, prudence surely counsels its abandonment.

We are told, Sir, and we like to believe, that this is a war to make the world safe for democracy. If Government, by the use of its official majority were to impose upon this Colony a form of taxation against which the representatives of the people, if I may so call the unofficials, have expressed themselves so strongly and so unequivocally, it would be a sad commentary indeed on rule by the people.

MR. A. L. SHIELDS:

Cost Of Government Expenditure Grows Like Green Bay Tree

The Hon. Mr. A. L. Shields said:—Your Excellency, I have no comments to make on any of the items in the Estimates now before us but would express some concern that the estimated Revenue to meet the Expenditure is based on returns for the current year and in anticipation of these figures being maintained.

While I am in no way despondent about the ultimate future of the Colony I must voice the views held by the General Committee of the Chamber of Commerce that future revenue may be seriously affected by the continuance of the closure of Chinese ports, the advent of the war which with possible trade restrictions for the conservation of currency, Govern-

ment interference with the free movement of trade by the use of import and export permits, the stoppage of trade with Germany and the reduction of steamship space available at much higher freight rates.

The burden of expenditure for cost of Government still grows like the "green bay tree"; Pensions and Emoluments are increasing, we have to provide large sums for social services, Defence etc. and necessary Public Works have to be postponed in spite of our inflated revenue due to unusual conditions which even the most optimistic can hardly expect to continue without a serious dip in the curve.

The Unofficial Members of this Council welcome the assurances

given by Government that a number of the schemes for which preliminary grants have been made will be reduced or deferred if revenue shows signs of decreasing.

It is true there is always the taxpayer to fall back upon and you, Sir, stated in your speech on October 12 that this Colony is lightly taxed. Any taxation which can be avoided is an unnecessary burden on the Community. The taxpayers capacity to pay is not unlimited and in a serious depression such as we have seen periodically, heavy taxation will tend to make the taxpayer fold his tent and imitate the proverbial Arab.

VICIOUS CIRCLE

It will certainly keep out new capital and new industry, and a vicious circle on the downward track may well cause future Governments much heart burning and anxiety.

When China reopens to normal trade much of the money now here may seek investment and business opportunity elsewhere. The improving facilities in neighbouring ports and the possible provision in these ports of duty free zones will be in direct competition with Hongkong.

It may be said that Hongkong will always be attractive on account of the security offered but I believe the old order in China is over. The new China will be run by officials whose increasing patriotism will oblige them to do the best they can for their own people. With merchants who are second to none in business acumen and financiers and bankers who are becoming more experienced in the handling of their country's affairs, outside traders will have to look to their laurels.

Hongkong's phenomenal growth was due to the influx of Chinese attracted by the cheap facilities of

our free port, low taxation and security. Let us beware lest we find ourselves with little to offer but security.

LOW TAXATION AIM

Let us look over our stock in trade and see what else we have to offer; the answer is service but it must be at a competitive price. Low taxation with its corollary, low cost of living, should be the aim of this and future Governments.

I make these general remarks, Sir, as some of my Unofficial Colleagues are dealing with specific items in the Budget.

I refrain from speaking now on the War Budget except to deal with the proposed introduction of Income Tax.

The methods by which money is to be raised to assist the Home Government in the prosecution of the War are very much in the Public mind at present. The whole community, I am sure, approve of the proposed contribution and the suggested alternatives to Income Tax. I believe, are not prompted by the self interest of any section. The European British population, to many of whom I have spoken, are whole heartedly in favour of paying their share, but in common with other sections they feel that the imposition of Income Tax is not in the best interests of the Colony.

Let it not be said that the objection to Income Tax means a desire to avoid payment—nothing is further from the truth.

I would, therefore, urge Government to examine alternatives which will appeal to the public and ensure if possible their support and good-will in backing your Excellency's laudable desire that the Home Government be given financial support in the prosecution of the War.

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